

## APPENDIX I

### BUDGET MODEL

**San Martin Comprehensive Fiscal Analysis  
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**INCLUDES REVENUE NEUTRALITY MITIGATION**

**Table 1**

**Summary of Revenues and Expenses (All Figures in Constant \$'s)**

**San Martin Incorporation Analysis, EPS #17060**

**Full Transition Year**

**12 months**

**Proponents' Proposed Boundary**

Item	Fiscal Year									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	1	2	3	4	5	6	7	8	9	10
<b><u>A. GENERAL FUND OPERATIONS</u></b>										
<b>General Fund Revenues</b>										
Property Taxes	\$0	\$705,773	\$724,107	\$742,968	\$762,367	\$782,320	\$802,841	\$823,945	\$845,646	\$867,960
Sales Tax	\$419,443	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885
Transient Occupancy Tax	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557
Real Property Transfer Tax	\$5,305	\$5,436	\$5,571	\$5,708	\$5,849	\$5,993	\$6,141	\$6,292	\$6,447	\$6,605
Franchise Fees	\$289,670	\$289,873	\$290,075	\$290,277	\$290,479	\$290,681	\$290,883	\$291,086	\$291,288	\$291,490
Planning and Building Fees	\$0	\$274,742	\$276,116	\$277,496	\$278,884	\$280,278	\$281,679	\$283,088	\$284,503	\$285,926
Public Works/Eng. Fees	\$0	\$89,020	\$89,465	\$89,913	\$90,362	\$90,814	\$91,268	\$91,724	\$92,183	\$92,644
Fines, Penalties, Misc.	\$42,813	\$32,684	\$32,793	\$32,901	\$33,009	\$33,117	\$33,225	\$33,333	\$33,441	\$33,549
State Motor Vehicle License Fees	\$62,172	\$62,377	\$62,583	\$62,788	\$62,994	\$63,200	\$63,405	\$63,611	\$63,816	\$64,022
Utility Users Tax (1)	\$499,800	\$499,800	\$499,800	\$499,800	\$499,800	\$499,800	\$321,300	\$321,300	\$321,300	\$321,300
VLF (AB1602)	\$547,312	\$512,513	\$477,474	\$442,193	\$406,670	\$370,907	\$372,113	\$373,320	\$374,526	\$375,733
Revenue Credits (transition yr, rec'd by County)	revenues retained by County during Transition Year are credited to city repayment for Transition Year services.									
Investment Earnings	\$41,761	\$70,653	\$70,369	\$70,090	\$69,817	\$69,551	\$66,466	\$66,963	\$67,472	\$67,993
<b>Total</b>	<b>\$2,129,834</b>	<b>\$3,603,315</b>	<b>\$3,588,794</b>	<b>\$3,574,576</b>	<b>\$3,560,674</b>	<b>\$3,547,104</b>	<b>\$3,389,765</b>	<b>\$3,415,103</b>	<b>\$3,441,065</b>	<b>\$3,467,665</b>
<b>General Fund Expenses</b>										
Legislative	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500
Elections	\$200,000	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000
City Manager and City Clerk	\$281,225	\$328,659	\$330,289	\$331,927	\$333,573	\$335,227	\$336,890	\$338,561	\$340,240	\$341,928
City Attorney	\$250,000	\$76,131	\$76,511	\$76,894	\$77,278	\$77,665	\$78,053	\$78,443	\$78,836	\$79,230
Administrative Services	\$166,050	\$222,507	\$223,620	\$224,738	\$225,861	\$226,991	\$228,126	\$229,266	\$230,413	\$231,565
Police	\$0	\$588,661	\$594,598	\$600,594	\$606,650	\$612,767	\$618,944	\$625,184	\$631,485	\$637,850
Animal Control	\$0	\$74,811	\$75,185	\$75,561	\$75,939	\$76,319	\$76,700	\$77,084	\$77,469	\$77,856
Planning and Building	\$137,672	\$443,032	\$444,635	\$446,246	\$347,864	\$349,491	\$351,126	\$352,769	\$354,421	\$356,080
Public Works Administration	\$74,250	\$178,040	\$178,931	\$179,825	\$180,724	\$181,628	\$182,536	\$183,449	\$184,366	\$185,288
Revenue Neutrality Mitigation Payment (1)	\$500,771	\$500,771	\$500,771	\$500,771	\$500,771	\$500,771	\$500,771	\$500,771	\$500,771	\$500,771
Non-Departmental										
Office Rent/Supplies	\$109,000	\$112,500	\$84,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500
Insurance	\$37,431	\$61,915	\$61,133	\$61,554	\$58,617	\$59,283	\$59,351	\$60,023	\$60,097	\$60,774
Contingency (10%)	\$233,596	\$212,576	\$209,890	\$211,334	\$201,251	\$203,537	\$203,773	\$206,078	\$206,333	\$208,657
Reserve Fund Contribution	\$233,596	(\$21,020)	(\$2,686)	\$1,444	(\$10,083)	\$2,286	\$236	\$2,305	\$255	\$2,324
LAFCO	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437
Repayment of Transition Yr Cnty Services (2)	(\$61,566)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$2,192,960</b>	<b>\$2,819,521</b>	<b>\$2,808,314</b>	<b>\$2,828,323</b>	<b>\$2,705,882</b>	<b>\$2,743,400</b>	<b>\$2,743,943</b>	<b>\$2,771,369</b>	<b>\$2,772,122</b>	<b>\$2,799,760</b>
<b>General Fund Operating Surplus (Deficit) (3)</b>	<b>(\$63,127)</b>	<b>\$783,794</b>	<b>\$780,480</b>	<b>\$746,253</b>	<b>\$854,792</b>	<b>\$803,703</b>	<b>\$645,822</b>	<b>\$643,734</b>	<b>\$668,943</b>	<b>\$667,905</b>
<b>Reserve Fund Balance</b>	<b>\$233,596</b>	<b>\$212,576</b>	<b>\$209,890</b>	<b>\$211,334</b>	<b>\$201,251</b>	<b>\$203,537</b>	<b>\$203,773</b>	<b>\$206,078</b>	<b>\$206,333</b>	<b>\$208,657</b>
% of Expenditures (exc. conting, reserves, mitigatio	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
<b><u>B. ROAD FUND OPERATIONS</u></b>										
<b>Road Fund Revenues</b>										
Gas Taxes	\$200,789	\$188,455	\$176,036	\$163,531	\$150,940	\$138,264	\$138,692	\$139,119	\$139,547	\$139,975
Prop 42 Funds	\$63,687	\$63,899	\$64,751	\$65,614	\$66,488	\$67,373	\$68,268	\$69,175	\$70,094	\$71,023
<b>Total</b>	<b>\$264,476</b>	<b>\$252,354</b>	<b>\$240,787</b>	<b>\$229,145</b>	<b>\$217,428</b>	<b>\$205,637</b>	<b>\$206,960</b>	<b>\$208,295</b>	<b>\$209,641</b>	<b>\$210,998</b>
<b>Road Fund Expenditures</b>										
Pavement Maintenance		\$310,050	\$313,150	\$316,282	\$319,445	\$322,639	\$325,865	\$329,124	\$332,415	\$335,740
Signal Maintenance, Traffic Engineering		\$51,008	\$51,263	\$51,519	\$51,776	\$52,035	\$52,296	\$52,557	\$52,820	\$53,084
Other Costs (sweeping, trash removal, signs, drainage)		\$370,644	\$372,497	\$374,360	\$376,232	\$378,113	\$380,003	\$381,903	\$383,813	\$385,732
Contingency (10%)		\$73,170	\$73,691	\$74,216	\$74,745	\$75,279	\$75,816	\$76,358	\$76,905	\$77,456
Repayment of Transition Yr Cnty Services	\$0	\$180,928	\$180,928	\$180,928	\$180,928	\$180,928				
<b>Total</b>	<b>\$0</b>	<b>\$985,800</b>	<b>\$991,529</b>	<b>\$997,304</b>	<b>\$1,003,126</b>	<b>\$1,008,994</b>	<b>\$833,981</b>	<b>\$839,943</b>	<b>\$845,953</b>	<b>\$852,011</b>
<b>Road Fund Operating Surplus (Deficit)</b>	<b>\$264,476</b>	<b>(\$733,446)</b>	<b>(\$750,742)</b>	<b>(\$768,160)</b>	<b>(\$785,698)</b>	<b>(\$803,357)</b>	<b>(\$627,021)</b>	<b>(\$631,648)</b>	<b>(\$636,312)</b>	<b>(\$641,013)</b>
<b>TOTAL, All Funds</b>	<b>\$201,350</b>	<b>\$50,348</b>	<b>\$29,738</b>	<b>(\$21,907)</b>	<b>\$69,094</b>	<b>\$346</b>	<b>\$18,802</b>	<b>\$12,086</b>	<b>\$32,631</b>	<b>\$26,892</b>
<b>Cumulative Surplus (Deficit)</b>	<b>\$201,350</b>	<b>\$251,698</b>	<b>\$281,436</b>	<b>\$259,529</b>	<b>\$328,622</b>	<b>\$328,969</b>	<b>\$347,770</b>	<b>\$359,856</b>	<b>\$392,487</b>	<b>\$419,379</b>

(1) New utility users tax included to offset payment for impacts on County General Fund. Amount reduced in Year 7 when City is able to contribute other net revenues to repayment.

(2) Repayment for animal services, planning and land use, code enforcement, public works, and sheriff services the County is obligated to provide for the remainder of the first fiscal year (less County-retained revenues).

(3) Potential initial year shortfall can be spread over subsequent years by deferring repayment of County's Transition Year service costs; this will not affect the fiscal conclusions.

**Table 2**  
**Municipal Service Providers -- Existing and Proposed**  
**San Martin Incorporation Analysis; EPS #17060**

Service	Service Provision		
	Present Provider	After Incorporation	Method
<b>General Government</b>			
Governing Board	Santa Clara County	New City	City Council
Manager	Santa Clara County	New City	City Staff
Attorney	Santa Clara County	New City	City Contract
Finance/Clerk/Administrative Services	Santa Clara County	New City	City Staff
<b>Public Protection</b>			
Law Enforcement	Santa Clara County	New City	Contract with County Sheriff
Traffic Control/Accident Investigation	California Highway Patrol	New City	Contract with County Sheriff
Fire Protection	South Santa Clara County Fire District	No Change	As is currently provided
Ambulance	South Santa Clara County Fire District	No Change	As is currently provided
Animal Control	Santa Clara County	New City	City Staff/Contract
Vector Control and Mosquito Abatement	Vector Control District	No Change	As is currently provided
<b>Land Use and Planning</b>			
Regulation & Planning	Santa Clara County	New City	City Staff/Contract
<b>Community Services</b>			
Recreation Programs	Santa Clara County	No Change	As is currently provided
Regional Parks/Open Space	Santa Clara County/ S.C. Open Space Authority	No Change	As is currently provided
Local Parks	n/a (no local parks)	n/a	n/a
Library	Santa Clara County Library District Gilroy and Morgan Hill Branches	No Change	As is currently provided
<b>Public Works/Public Utilities</b>			
Admin. and Maintenance of Roads, Bridges, Signals, Drainage	Santa Clara County	New City	City Staff/Contract
Domestic Water	Santa Clara Valley Water District, West San Martin Water Works, San Martin County Water District	No Change	As is currently provided
Waste Water Treatment/Disposal	n/a (septic systems utilized, except Lion's Gate)	No Change	As is currently provided
Solid Waste Management	Santa Clara County	New City (franchise management, recycling)	City Staff
Solid Waste Disposal	South Valley Disposal & Recycling	No Change	As is currently provided
Flood Control & Conveyance Drainage	Santa Clara Valley Water District	No Change	As is currently provided
Street Lighting	Santa Clara County/CLSA #1	No Change (assuming specific findings are made by LAFCO)	As is currently provided
Building Inspection	Santa Clara County	New City	City Staff/Contract
<b>Public Education</b>			
K-12 Grade Levels	Gilroy and Morgan Hill Unified School District	No Change	As is currently provided
College	Gavilan Community College	No Change	As is currently provided
<b>Other Services</b>			
Electricity	Pacific, Gas & Electric	No Change	Franchise Agreement w/New City
Gas	Pacific, Gas & Electric	No Change	Franchise Agreement w/New City
Cable Television	Charter Communications	No Change	Franchise Agreement w/New City
Public Transit	Valley Transit Authority	No Change	As is currently provided

Source: Economic & Planning Systems

**Table 3**  
**Change in Revenues and Expenses to Santa Clara County**  
**San Martin Incorporation Analysis, EPS #17060**      **Proponents' Proposed Boundary**

Item	Amount	Notes
<b><u>General Fund Revenues and Expenditures (FY07) (1)</u></b>		
<b>Revenues Transferred to the City</b>		
Property Taxes	\$599,522	Estimated transfer amount FY 07
Transient Occupancy Tax	\$221,557	
Sales Tax	\$838,885	Includes estimated 12% unallocated
Real Property Transfer Tax	\$2,335	50% of FY 07 amount (\$.55/\$1,000 value)
Franchise Fees	\$253,621	Including solid waste, PG&E, cable, water
AB 939 Fees	\$10,237	
<b>Subtotal</b>	<b>\$1,926,157</b>	
<b>Expenditures for Service Responsibilities Transferred to the City (1)</b>		
Animal Control	\$278,447	
Land Use Planning, Inspection, Enforcement	\$151,056	
Clean Water	\$3,186	
Waste Management	\$129,205	
Sheriff	\$483,933	
<b>Subtotal</b>	<b>\$1,045,827</b>	
<b>Other (revenue increases) (2)</b>		
Property Tax Administration Fees	\$8,090	Based on first year of city
Booking Fees	\$0	Not paid by cities, per State budget
<b>Net County Surplus or (Deficit)</b>	<b>(\$872,240)</b>	
<b><u>County Road Fund</u></b>		
<b>Revenue Reductions (3)</b>		
Gas Tax: Highway User Tax 2106c	\$27,491	Based on 7.7% reduction in unincorp. a.v.
Gas Tax: Highway User Tax 2105a [2]	\$208	Based on reduction in County maintained miles
Grants		No reduction assumed
Traffic Congestion Relief: 2182a [1] (B)	\$41,624	Based on reduction in County maintained miles
<b>Subtotal</b>	<b>\$69,323</b>	
<b>Expenditure Reductions</b>		
Road Maintenance (4)	\$1,502,235	Based on FY07 costs, noted as atypical (higher) of recent average road maintenance expenditures.
Other Road Costs (traffic engineering, signal maint.)	\$120,000	Excludes cost-recovery development engineering
<b>Subtotal</b>	<b>\$1,622,235</b>	
<b>Net County Road Fund Surplus or (Deficit)</b>	<b>\$1,552,912</b>	
<b>Total General Fund and Road Fund Surplus or (Deficit)</b>	<b>\$680,672 (5)</b>	

- (1) Costs shown in this table represent FY07 County costs for those service responsibilities to be transferred to the new city. Future city costs shown in Table 1 will not necessarily correspond to these FY07 County costs since the specific future services, staffing, facilities, contracts and manner of service provision will differ for the future city. For example, the future city will need to provide traffic enforcement, which currently is not a County responsibility.
- (2) The County will realize new revenues (e.g., property tax administration charges) for services currently provided without compensation.
- (3) County road revenues are not significantly affected, as they largely depend on Countywide population and registered vehicles, and are not influenced by a change in unincorporated vs. incorporated population or road miles.
- (4) Road maintenance expenditures are based on County estimates of FY07 expenditures. These costs are higher than the County's estimated average expenditures in the San Martin area and are above the estimate of average annual road maintenance costs that the new city is likely to incur.
- (5) Legal requirements restrict the transfer of certain Road Fund revenues to directly offset General Fund service cost impacts. Legal counsel has indicated that LAFCO may consider the two funds in total when determining revenue neutrality impacts.

**Table A-1**  
**Demographic Assumptions, Fiscal Year 2007**  
**San Martin Incorporation Analysis, EPS #17060**  
**Proponents' Proposed Boundary**

Item	Amount	Comment
<b><u>Proposed City</u></b>		
Length of Transition	12 months 100% of year	
Population (1)	6,921	
Total Housing Units (1)	2,089	
County-Maintained Center Line Miles (2)	54.52	Centerline miles
<b><u>Santa Clara County</u></b>		
Incorporated Population (3)	1,710,137	
Unincorporated Population (3)	<u>97,919</u>	
Total County Population	1,808,056	
County-Maintained Road Miles (4)	684	Centerline miles
Incorporated Assessed Value (5)	\$248.67	billion
Unincorporated Assessed Value (5)	<u>\$13.25</u>	billion
Total County Assessed Value	\$261.92	billion

(1) EPS projection based on census 2000 and MTC TAZ 2007 projections.

(2) Santa Clara County Roads and Airport Department- Roads and Related Facilities response.

(3) California Department of Finance (1/1/2007)

(4) State Highway Performance Monitoring System 2006 California Public Road Data.

(5) Santa Clara County Office of the Assessor 2006-2007 Annual Report.

Sources: Santa Clara County, California Department of Finance, California Department of Transportation,

**Table A-2**  
**General Assumptions, Fiscal Year 2007**  
**San Martin Incorporation Analysis, EPS #17060**

Item	Amount
<u>Assessed Value Within the Proposed Boundaries</u>	
Assessed Value of Residential (1)	\$744,695,829
Assessed Value of Commercial (1)	<u>\$276,751,714</u>
Total Assessed Value	\$1,021,447,543
Property Tax Rate (excluding assessments, etc.)	1.0%
<u>Average Market Value by Land Use for New Development</u>	
Single-Family (2)	\$1,800,000
Multifamily (3)	\$545,000 per unit

(1) County response to Office of the Assessor data request, 7/18/07

(2) 2007 assessed value for houses built after 2005. FARES search 10-24-07

(3) Median condo/multifamily unit price for according to zillow.com (07-03-07).

Sources: Zillow.com, FARES, Santa Clara County Assessor, Economic & Planning Systems, Inc.

**Table A-3**  
**Development Schedule**  
**San Martin Incorporation Analysis, EPS #17060**

Item	Note	Calendar Year												
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2,015	2016	2017	2018
Development Schedule														
New Residential Development (1)		7	7	7	7	7	7	7	7	7	7	7	7	7
Total New Units		7	7	7	7	7	7	7	7	7	7	7	7	7
Cumulative New Units		7	14	21	28	35	42	49	56	63	70	77	84	91
New Non-Residential Dev. (Sq. Ft.)														
Retail		0	0	0	0	0	0	0	0	0	0	0	0	0
Hotel		0	0	0	0	0	0	0	0	0	0	0	0	0
Other Commercial		0	0	0	0	0	0	0	0	0	0	0	0	0
Total New Sq. Ft.		0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative New Sq. Ft.		0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative New Development Entire City														
Residential Development (3)														
Total Dwelling Units		2,089	2,096	2,103	2,110	2,117	2,124	2,131	2,138	2,145	2,152	2,159	2,166	2,173
New Non-Residential Dev. (Sq. Ft.) (2)														
Retail		0	0	0	0	0	0	0	0	0	0	0	0	0
Hotel		0	0	0	0	0	0	0	0	0	0	0	0	0
Other Commercial		0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Res. Dev. Sq. Ft.		0	0	0	0	0	0	0	0	0	0	0	0	0
New Hotel Rooms (2)		-	-	-	-	-	-	-	-	-	-	-	-	-

(1) EPS estimate based on review of County response to Planning Department data request, County Planning & Development (Development Services)- Planning Department 7/13/07

(2) Commercial development in San Martin is largely built out. Future nonresidential development is negligible in San Martin and is thus not calculated.

(3) See Table A-1.

Sources: Census 2000, MTC TAZ Projections 2007, County Planning Department, Economic & Planning Systems, Inc.



Table A-4  
 Population Projections  
 San Martin Incorporation Analysis, EPS #17060

Item	Note	Calendar Year												
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Population Projections														
New Population (1)	3.31		23	23	23	23	23	23	23	23	23	23	23	23
Subtotal			23	23	23	23	23	23	23	23	23	23	23	23
Cumulative Population		6,921	6,945	6,968	6,991	7,014	7,037	7,061	7,084	7,107	7,130	7,153	7,176	7,200

(1) Source: Census 2000

**Table A-5**  
**Assessed Value Calculation - All Figures in \$000's**  
**San Martin Incorporation Analysis, EPS #17060**

Item	Fiscal Year											
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<u>Assessed Value of Existing Development (start of year)</u>												
Resid. Assessed Value in City (Constant \$000's) (1)		\$810,501	\$839,820	\$869,987	\$901,026	\$932,958	\$965,807	\$999,596	\$1,034,351	\$1,070,096	\$1,106,857	\$1,144,661
Comm. Assessed Value in City (Constant \$000's) (2)		\$289,918	\$289,918	\$289,918	\$289,918	\$289,918	\$289,918	\$289,918	\$289,918	\$289,918	\$289,918	\$289,918
Total		\$1,100,419	\$1,129,738	\$1,159,905	\$1,190,944	\$1,222,876	\$1,255,725	\$1,289,514	\$1,324,269	\$1,360,014	\$1,396,775	\$1,434,579
<u>Assessed Value of New Development (3)</u>												
A.V. from New Development (Constant \$000's)		\$12,852	\$13,109	\$13,371	\$13,639	\$13,911	\$14,190	\$14,473	\$14,763	\$15,058	\$15,359	\$15,667
Retail		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hotel		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Commercial		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Resid. A.V. from New Dev. (Constant \$000's)		\$12,852	\$13,109	\$13,371	\$13,639	\$13,911	\$14,190	\$14,473	\$14,763	\$15,058	\$15,359	\$15,667
Comm. A.V. from New Dev. (Constant \$000's)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$12,852	\$13,109	\$13,371	\$13,639	\$13,911	\$14,190	\$14,473	\$14,763	\$15,058	\$15,359	\$15,667
Cum. Resid. A.V. from New Dev. (Constant \$000's)		\$12,852	\$25,961	\$39,332	\$52,971	\$66,882	\$81,072	\$95,545	\$110,308	\$125,366	\$140,726	\$156,392
Cum. Comm. A.V. from New Dev. (Constant \$000's)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$12,852	\$25,961	\$39,332	\$52,971	\$66,882	\$81,072	\$95,545	\$110,308	\$125,366	\$140,726	\$156,392
<u>Total Assessed Value Existing &amp; New Development (end of year)</u>												
Cumulative Resid. A.V. (Constant \$000's)		\$823,353	\$852,929	\$883,359	\$914,664	\$946,869	\$979,996	\$1,014,070	\$1,049,114	\$1,085,154	\$1,122,217	\$1,160,328
Cumulative Comm. A.V. (Constant \$000's)		<u>\$289,918</u>	<u>\$289,918</u>	<u>\$289,918</u>	<u>\$289,918</u>	<u>\$289,918</u>	<u>\$289,918</u>	<u>\$289,918</u>	<u>\$289,918</u>	<u>\$289,918</u>	<u>\$289,918</u>	<u>\$289,918</u>
Subtotal		\$1,113,271	\$1,142,847	\$1,173,277	\$1,204,582	\$1,236,787	\$1,269,914	\$1,303,988	\$1,339,032	\$1,375,072	\$1,412,135	\$1,450,246
(less total redevelopment)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$1,113,271	\$1,142,847	\$1,173,277	\$1,204,582	\$1,236,787	\$1,269,914	\$1,303,988	\$1,339,032	\$1,375,072	\$1,412,135	\$1,450,246
			102.7%	102.7%	102.7%	102.7%	102.7%	102.7%	102.7%	102.7%	102.7%	102.7%

(1) Residential AV assumes 2% increase over the total value at the end of the prior year.

(2) No real increase in comm'l assessed value assumed.

(3) See development estimates in Table A-3 multiplied by assumed values per unit shown in Table A-2.

**Table B**  
**Annual Revenue Estimate for New City (All figures in Constant \$s)**  
**San Martin Incorporation Analysis, EPS #17060**

Item	Note (1)	Fiscal Year									
		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
		1	2	3	4	5	6	7	8	9	10
<b>General Fund Revenues</b>											
Property Taxes	1	\$0	\$705,773	\$724,107	\$742,968	\$762,367	\$782,320	\$802,841	\$823,945	\$845,646	\$867,960
Sales Tax	2	\$419,443	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885
Transient Occupancy Tax	3	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557
Real Property Transfer Tax	4	\$5,305	\$5,436	\$5,571	\$5,708	\$5,849	\$5,993	\$6,141	\$6,292	\$6,447	\$6,605
Franchise Fees	5	\$289,670	\$289,873	\$290,075	\$290,277	\$290,479	\$290,681	\$290,883	\$291,086	\$291,288	\$291,490
Planning and Building Fees	6	\$0	\$274,742	\$276,116	\$277,496	\$278,884	\$280,278	\$281,679	\$283,088	\$284,503	\$285,926
Public Works/Eng. Fees	7	\$0	\$89,020	\$89,465	\$89,913	\$90,362	\$90,814	\$91,268	\$91,724	\$92,183	\$92,644
Fines, Penalties, Misc.	8	\$42,813	\$32,684	\$32,793	\$32,901	\$33,009	\$33,117	\$33,225	\$33,333	\$33,441	\$33,549
State Motor Vehicle License Fees	9	\$62,172	\$62,377	\$62,583	\$62,788	\$62,994	\$63,200	\$63,405	\$63,611	\$63,816	\$64,022
Property Tax/VLF Swap	10	\$547,312	\$512,513	\$477,474	\$442,193	\$406,670	\$370,907	\$372,113	\$373,320	\$374,526	\$375,733
Revenue Credits (transition yr) (2)		\$1,112,394									
Investment Earnings	12	<u>\$41,761</u>	<u>\$70,653</u>	<u>\$70,369</u>	<u>\$70,090</u>	<u>\$69,817</u>	<u>\$69,551</u>	<u>\$66,466</u>	<u>\$66,963</u>	<u>\$67,472</u>	<u>\$67,993</u>
<b>Total General Fund Revenues</b>		\$2,742,427	\$3,103,515	\$3,088,994	\$3,074,776	\$3,060,874	\$3,047,304	\$3,068,465	\$3,093,803	\$3,119,765	\$3,146,365
<b>Road Fund Revenues</b>											
Prop 42 Funds	13	\$63,687	\$63,899	\$64,751	\$65,614	\$66,488	\$67,373	\$68,268	\$69,175	\$70,094	\$71,023
Gas Taxes	13	\$200,789	\$188,455	\$176,036	\$163,531	\$150,940	\$138,264	\$138,692	\$139,119	\$139,547	\$139,975
Transition Credits (2)		<u>\$0</u>									
<b>Total Road Fund Revenues</b>		\$264,476	\$252,354	\$240,787	\$229,145	\$217,428	\$205,637	\$206,960	\$208,295	\$209,641	\$210,998

(1) Reference Notes are included in Figure B-1

(2) Revenue generated from incorporation area during transition year received by county but paid or credited back to the cit

Source: Economic & Planning Systems, Inc.

**Table B-1**  
**Revenue Estimate Notes**  
**San Martin Incorporation Analysis, EPS #17060**

Ref #	Item	Assumption	Fiscal Year									
			2009-10 1	2010-11 2	2011-12 3	2012-13 4	2013-14 5	2014-15 6	2015-16 7	2016-17 8	2017-18 9	2018-19 10
General Fund												
1	Property Tax	See Figures A-5 and B-2		102.7%	102.7%	102.7%	102.7%	102.7%	102.7%	102.7%	102.7%	102.7%
	Total Property Tax @ 1% of AV		\$11,428,468	\$11,732,766	\$12,045,824	\$12,367,872	\$12,699,142	\$13,039,875	\$13,390,318	\$13,750,723	\$14,121,347	\$14,502,456
	Property Tax Increment		\$0	\$304,298	\$313,058	\$322,047	\$331,270	\$340,734	\$350,443	\$360,404	\$370,624	\$381,109
	Subtotal		\$0	\$304,298	\$313,058	\$322,047	\$331,270	\$340,734	\$350,443	\$360,404	\$370,624	\$381,109
	Property Tax Increment to City:	See Fig B-2										
	County & Special Districts	5.87% TAF	\$0	\$17,860	\$18,374	\$18,902	\$19,443	\$19,999	\$20,569	\$21,153	\$21,753	\$22,369
	Total	5.87% TAF	\$0	\$17,860	\$18,374	\$18,902	\$19,443	\$19,999	\$20,569	\$21,153	\$21,753	\$22,369
	Gross Property Tax to City											
	Base		\$688,635	\$688,635	\$706,496	\$724,870	\$743,772	\$763,216	\$783,214	\$803,783	\$824,936	\$846,690
	Share of Tax Increment		\$0	\$17,860	\$18,374	\$18,902	\$19,443	\$19,999	\$20,569	\$21,153	\$21,753	\$22,369
	Total		\$688,635	\$706,496	\$724,870	\$743,772	\$763,216	\$783,214	\$803,783	\$824,936	\$846,690	\$869,058
	Property Tax Increment: Supplemental Roll @ 50% of AV of New Dev.		\$3,847	\$3,924	\$4,002	\$4,083	\$4,164	\$4,247	\$4,332	\$4,419	\$4,507	\$4,598
	Prop. Tax Inc. to City: Suppl Roll @ 4% of Tax Due to Turnover		\$3,354	\$3,443	\$3,535	\$3,630	\$3,727	\$3,827	\$3,930	\$4,035	\$4,144	\$4,256
	Property Tax to City Prior to Tax Admin. Fees		\$695,836	\$713,863	\$732,408	\$751,484	\$771,107	\$791,289	\$812,045	\$833,391	\$855,341	\$877,912
	Less Prop. Tax Admin. Fees	1.15% of Gross A.V.	(\$7,885)	(\$8,090)	(\$8,300)	(\$8,517)	(\$8,739)	(\$8,968)	(\$9,204)	(\$9,446)	(\$9,695)	(\$9,951)
	Less Transition Credit	100%	\$687,951									
	Net General Fund Property Tax to City		\$0	\$705,773	\$724,107	\$742,968	\$762,367	\$782,320	\$802,841	\$823,945	\$845,646	\$867,960
2	Sales Tax	0% note: no real growth occurred from FY 06 to FY 07 in San Martin										
	Retail Sales Tax (1)	\$738,568 base tax	\$738,568	\$738,568	\$738,568	\$738,568	\$738,568	\$738,568	\$738,568	\$738,568	\$738,568	\$738,568
	Subtotal		\$738,568	\$738,568	\$738,568	\$738,568	\$738,568	\$738,568	\$738,568	\$738,568	\$738,568	\$738,568
	Unallocated Tax (inc. pool)	14.7%	\$108,791	\$108,791	\$108,791	\$108,791	\$108,791	\$108,791	\$108,791	\$108,791	\$108,791	\$108,791
	(less) State admin charge	1.0%	(\$8,474)	(\$8,474)	(\$8,474)	(\$8,474)	(\$8,474)	(\$8,474)	(\$8,474)	(\$8,474)	(\$8,474)	(\$8,474)
	Less Transition Credit	50.0%	\$419,443									
	Total Sales Tax (General Fund)	\$847,359	\$419,443	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885	\$838,885
3	Transient Occupancy Tax (2)	\$221,557 base tax	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557
	Less Transition Credit		\$0									
	Total Transient Occupancy Tax		\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557
4	Property Transfer Tax											
	Turnover of prior year base											
	Residential Turnover of A.V.		0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
	Rate per \$1,000 market value	\$0.55										
	Base Resid A.V. fiscal year (constant \$000's)		\$883,359	\$914,664	\$946,869	\$979,996	\$1,014,070	\$1,049,114	\$1,085,154	\$1,122,217	\$1,160,328	\$1,199,514
	Prop. Tran. Tax: turnover of existing res'l units		\$1,628	\$1,686	\$1,745	\$1,806	\$1,869	\$1,934	\$2,000	\$2,068	\$2,138	\$2,211
	Base Comm'l A.V. fiscal year (constant \$000's)		\$289,918	\$289,918	\$289,918	\$289,918	\$289,918	\$289,918	\$289,918	\$289,918	\$289,918	\$289,918
	Prop. Tran. Tax from turnover of existing comm'l		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prop. Tran. Tax from new res'l	50% non-owner blt	\$3,677	\$3,751	\$3,826	\$3,902	\$3,980	\$4,060	\$4,141	\$4,224	\$4,308	\$4,394
	Less Transition Credit		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total Property Transfer Tax	\$4,670 base tax	\$5,305	\$5,436	\$5,571	\$5,708	\$5,849	\$5,993	\$6,141	\$6,292	\$6,447	\$6,605

**Table B-1**  
**Revenue Estimate Notes**  
**San Martin Incorporation Analysis, EPS #17060**

Ref #	Item	Assumption	Fiscal Year									
			2009-10 1	2010-11 2	2011-12 3	2012-13 4	2013-14 5	2014-15 6	2015-16 7	2016-17 8	2017-18 9	2018-19 10
5	Franchise Fees											
	PG&E (2)	\$60,330	\$9	\$60,936	\$61,138	\$61,341	\$61,543	\$61,745	\$61,947	\$62,149	\$62,351	\$62,554
	Water (2)	\$2,316		\$2,316	\$2,316	\$2,316	\$2,316	\$2,316	\$2,316	\$2,316	\$2,316	\$2,316
	Cable (2)	\$3,522		\$3,522	\$3,522	\$3,522	\$3,522	\$3,522	\$3,522	\$3,522	\$3,522	\$3,522
	Solid Waste (3)	\$177,216		\$212,659	\$212,659	\$212,659	\$212,659	\$212,659	\$212,659	\$212,659	\$212,659	\$212,659
	AB 939 Implementation Fee (4)	\$10,237		\$10,237	\$10,237	\$10,237	\$10,237	\$10,237	\$10,237	\$10,237	\$10,237	\$10,237
	Less Transition Credit	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$253,621		\$289,670	\$289,873	\$290,075	\$290,277	\$290,479	\$290,681	\$290,883	\$291,086	\$291,288
6	Planning and Building Fees											
	% of planning/bldg. personnel (exc. Gen. Plan & other cos	90%	\$0	\$274,742	\$276,116	\$277,496	\$278,884	\$280,278	\$281,679	\$283,088	\$284,503	\$285,926
7	Public Works/Engineering Fees											
	% of costs recaptured by fees	50%	\$0	\$89,020	\$89,465	\$89,913	\$90,362	\$90,814	\$91,268	\$91,724	\$92,183	\$92,644
8	Fines, Penalties, Mics. (5)	\$5 per capita	\$32,576	\$32,684	\$32,793	\$32,901	\$33,009	\$33,117	\$33,225	\$33,333	\$33,441	\$33,549
	Traffic Fines											
	AB 939 Fees		\$10,237									
	Less Transition Credit		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total		\$42,813	\$32,684	\$32,793	\$32,901	\$33,009	\$33,117	\$33,225	\$33,333	\$33,441	\$33,549
9	State Motor Vehicle License Fees (6)											
	Per capita fees	\$8.86 per capita		\$62,172	\$62,377	\$62,583	\$62,788	\$62,994	\$63,200	\$63,405	\$63,611	\$63,816
			150%	140%	130%	120%	110%	100%	100%	100%	100%	100%
10	Property Tax/ VLF Swap	\$52 per capita	\$547,312	\$512,513	\$477,474	\$442,193	\$406,670	\$370,907	\$372,113	\$373,320	\$374,526	\$375,733
11	Police (7)	(see deduction from costs)										
12	Investment Earnings (8)	based on Comparable Cities										
	Subtotal General Fund revenues, excl. invest. earnings		\$2,088,072	\$3,532,662	\$3,518,425	\$3,504,486	\$3,490,857	\$3,477,553	\$3,323,299	\$3,348,141	\$3,373,593	\$3,399,671
	Subtotal Interest Earnings	% of Gen. Fund revenues	2%	\$41,761	\$70,653	\$70,369	\$70,090	\$69,817	\$69,551	\$66,466	\$66,963	\$67,472
<b>Road Fund</b>												
13	Road Fund											
	Prop 42 (9) (per capita)	\$9.11 1%	\$63,687	\$63,899	\$64,751	\$65,614	\$66,488	\$67,373	\$68,268	\$69,175	\$70,094	\$71,023
	Relevant population for calculation (see Prop. Tax/VLF, ref. 10 )		10,521	9,852	9,179	8,500	7,818	7,130	7,153	7,176	7,200	7,223
	Highway User Tax 2105	\$6.11 Per Capita	\$64,244	\$60,159	\$56,046	\$51,905	\$47,735	\$43,537	\$43,679	\$43,820	\$43,962	\$44,104
	Highway User Tax 2106 (a)	\$4,800 Per Year	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
	Highway User Tax 2106 (c)	\$4.03 Per Capita	\$42,430	\$39,733	\$37,016	\$34,281	\$31,527	\$28,755	\$28,848	\$28,942	\$29,035	\$29,129
	Highway User Tax 2107	\$8.30 Per Capita	\$87,315	\$81,764	\$76,174	\$70,545	\$64,878	\$59,172	\$59,365	\$59,557	\$59,750	\$59,942
	Highway User Tax 2107.5 (c)	\$2,000 Per Year	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
	Subtotal (10)		\$200,789	\$188,455	\$176,036	\$163,531	\$150,940	\$138,264	\$138,692	\$139,119	\$139,547	\$139,975
	Grants	none assumed due to uncertainty in amount and timing										

\* Footnotes on next page

**Table B-1**  
**Footnotes**  
**San Martin Incorporation Analysis, EPS #17060**

(1) Source: HDL 2006-2007 (received by EPS 10/18/07) - BASE

3rd Q 06	\$233,432		
4th Q 06	\$287,183		
1st Q 07	\$129,533		
2nd Q 07	<u>\$88,420</u>	Area 4	Area 5
	\$738,568	\$1,064	\$27,075

(2) Source: Santa Clara County, Robert Anderson, correspondence to EPS 8/10/07. (Budget and Analysis)

(3) The Solid Waste franchise fee will increase from 12.5% to 15% in fiscal year 2009-2010.

Source: Santa Clara County, Greg Van Wassenhove, correspondence to EPS 7/16/07. (Integrated Waste Management)

(4) Source: Santa Clara County, Greg Van Wassenhove, correspondence to EPS 7/16/07. (Integrated Waste Management)

(5) Fines and Penalties are based on a per capita average of fines and penalties for the comparable cities.

(6) Per Capita VLF fee is obtained from State Controller's Office - Shared Revenue Estimate Report 05-06 and inflated by 2%.

(7) Police revenues include 85 percent of traffic fines and tow vehicle fees which the county estimates is approximately \$5,000.

(8) Investment earnings are based on average percentage of general fund revenues from comparable cities.

(9) Source: Michael Coleman, based on State estimates. Amounts have been adjusted to constant dollars, with 1% real increase assumed.

(10) Source: CA State Controllers Office Guidelines Relating to Gas Tax Expenditures.

**Table B-2**  
**Calculation of Property Tax Transfer**  
**San Martin Incorporation Analysis, EPS #17060**

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**A. Transfer of Property Tax Base**

A.1 Total Expenditures Subject to Transfer	\$1,045,827	see Table B-4
A.2 County Auditor's Ratio 2006-2007	57.33%	see Table B-3
A.3 Property Tax Transferred from County = A.1 * A.2	\$599,522	before adjustment (see B.3 below)

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**B. Estimation of Tax Allocation Factor (TAF)**

B.1 Assessed Value (FY 2006/2007)	\$1,021,447,543	see Table A-2
B.2 Assessed Value (FY 2009/2010)	\$1,173,276,629	see Table A-5
B.3 Change from FY06-07 to FY09-10 = (B.2 - B.1)/B.1	14.9%	
B.4 Property Tax Transferred from County = A.3	\$599,522	
B.5 Property Tax Transfer adjusted for a.v. growth = (1+B.3) * B.4	\$688,635	
B.6 Total Property Tax Collected '09-'10 = 1% * B.2	\$11,732,766	
B.7 Estimated Tax Allocation Factor (B.5/B.6)	5.87%	applied to future city a.v. growth

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Source: Santa Clara County, EPS.

**Table B-3**  
**Auditor's Ratio**  
**Countywide Property Tax as a % of General Purpose Revenues**  
**San Martin Incorporation Analysis, EPS #17060**

<b>Item</b>	
Property Tax Revenue to the County (1)	\$413,534,751
Other General Purpose Revenue (1)	<u>\$307,850,032</u>
Total Net Revenue Available for General Purposes	\$721,384,783
Property Tax as % of General Purpose Revenues	57.33%

(1) Property taxes and General Purpose Revenues are from all incorporated and unincorporated areas.

Source: Santa Clara County Controller-Treasurer, 2/1/08



**Table B-4**  
**Current Net County Cost for Services Transferred (FY 07)**  
**San Martin Incorporation Analysis, EPS #16065**      **Proponents' Proposed Boundary**

Department/Function	San Martin Cost	Indirect Cost		San Martin Cost Including Indirect	Revenues		Net County Cost of San Martin
		Percentage (12)	San Martin		San Martin Offsetting Revenue		
Animal Services (1)	\$277,888	10.2%	\$28,239	\$306,127	\$27,680		\$278,447
Planning							
Comprehensive Planning (2)	\$65,808	6.2%	\$4,080	\$69,888			\$69,888
Land Use Apps (3)	\$116,471	6.2%	\$7,221	\$123,692	\$104,824		\$18,868
Building Permits (4)	\$39,615	6.2%	\$2,456	\$42,071	\$39,615		\$2,456
Public Information (5)	\$10,000	6.2%	\$620	\$10,620	\$0		\$10,620
SMPAC (6)	<u>\$10,000</u>	6.2%	<u>\$620</u>	<u>\$10,620</u>	<u>\$0</u>		<u>\$10,620</u>
Total	\$241,894			\$256,891	\$144,439		\$112,452
Code Enforcement (Zoning) (7)	\$27,457	6.2%	\$1,702	\$29,160	\$0		\$29,160
Code Enforcement (Building) (8)	\$16,244	6.2%	\$1,007	\$17,251	\$17,251		\$0
Clean Water Program (5)	\$3,000	6.2%	\$186	\$3,186	\$0		\$3,186
Building Inspection (9)	\$306,064	6.2%	\$18,975	\$325,039	\$315,595		\$9,444
Waste Management (10)	\$172,506	0.0%	\$0	\$172,506	\$43,301		\$129,205
Sheriff Department (11)	<u>\$488,933</u>		<u>\$0</u>	<u>\$488,933</u>	<u>\$5,000</u>		<u>\$483,933</u>
<b>Total</b>	<b>\$1,533,987</b>		<b>\$50,110</b>	<b>\$1,599,094</b>	<b>\$553,267</b>		<b>\$1,045,827</b>

- (1) Costs based on Animal Care and Control Response (11-14-07).
- (2) Comprehensive planning based on .5 FTE per County estimate (12/14/2007) applied to County cost for .5 FTE at step 5 (2/4/08 cost estimate) with benefits.
- (3) Planning & Development- Planning response (7-31-07) Land use application -related costs are 90% cost recoverable.
- (4) Planning & Development- Planning response (7-31-07). Building Permits cost are fully cost recoverable.
- (5) Cost based on EPS verbal communication with County staff 11/27/07.
- (6) Planning & Development- Planning response (7-31-07). San Martin Planning Advisory Committee is completely supported by the General Fund (\$10,000).
- (7) Planning & Development - Code Enforcement (7-31-07). One-quarter FTE zoning inspector allocated to San Martin. A zoning investigator earns \$109,829 per year at step 5 (2/4/08 cost estimate) with benefits.
- (8) Planning & Development- Planning response (7-31-07, 2-04-08). A Sr. Building Inspector earns \$153,248 a year and spends 10.6% of their time working on code enforcement in San Martin, based on % of complaints.
- (9) Cost are based on Development Services Office -Building Inspection response (8-3-07, 2-04-08). It is estimated that 2 FTE positions serve the San Martin area.
- (10) Costs are fully recovered by revenues, including franchise fees; however, franchise fees are not included as a charge for service or net fee in this table, as the revenue goes to the General Fund.
- See Agriculture & Environmental Management- Integrated Waste management response (7-16-07). Revenues have been adjusted based on estimated households in the area.
- (11) Based on Sheriff's information (2-05-08), adjusted to exclude estimated traffic patrol (est'd 12.5%, per John Hirokawa).  
Currently the CHP provides traffic patrol in unincorporated areas.  
Indirect costs are included in the cost estimates.
- (12) Indirect cost allocation based on Santa Clara County Allocated Cost Plan by department.

Sources: Santa Clara County Budget, Contra Costa Cost Allocated Cost Plan, Economic & Planning Systems, Inc.

**Table C**  
**Expenditure Estimate (All figures in Constant \$s)**  
**San Martin Incorporation Analysis, EPS #17060**

Item	Note(1)	Fiscal Year									
		2009-10 1	2010-11 2	2011-12 3	2012-13 4	2013-14 5	2014-15 6	2015-16 7	2016-17 8	2017-18 9	2018-19 10
General Fund Expenditures											
Legislative	1	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500
Elections	2	\$200,000	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000
City Manager and City Clerk	3	\$281,225	\$328,659	\$330,289	\$331,927	\$333,573	\$335,227	\$336,890	\$338,561	\$340,240	\$341,928
City Attorney	4	\$250,000	\$76,131	\$76,511	\$76,894	\$77,278	\$77,665	\$78,053	\$78,443	\$78,836	\$79,230
Administrative Services	5	\$166,050	\$222,507	\$223,620	\$224,738	\$225,861	\$226,991	\$228,126	\$229,266	\$230,413	\$231,565
Police	6	\$0	\$588,661	\$594,598	\$600,594	\$606,650	\$612,767	\$618,944	\$625,184	\$631,485	\$637,850
Animal Control	7	\$0	\$74,811	\$75,185	\$75,561	\$75,939	\$76,319	\$76,700	\$77,084	\$77,469	\$77,856
Planning and Building	8	\$137,672	\$443,032	\$444,635	\$446,246	\$347,864	\$349,491	\$351,126	\$352,769	\$354,421	\$356,080
Public Works Administration	9	\$74,250	\$178,040	\$178,931	\$179,825	\$180,724	\$181,628	\$182,536	\$183,449	\$184,366	\$185,288
Street Lighting	10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Departmental											
Office Rent/Supplies	11	\$109,000	\$112,500	\$84,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500
Insurance	12	\$37,431	\$61,915	\$61,133	\$61,554	\$58,617	\$59,283	\$59,351	\$60,023	\$60,097	\$60,774
Contingency	13	\$233,596	\$212,576	\$209,890	\$211,334	\$201,251	\$203,537	\$203,773	\$206,078	\$206,333	\$208,657
Reserve Fund		\$233,596	(\$21,020)	(\$2,686)	\$1,444	(\$10,083)	\$2,286	\$236	\$2,305	\$255	\$2,324
LAFCO	14	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437
Repayment, 1st year costs	15	(\$61,566)									
Total General Fund Expenditures		\$1,692,189	\$2,318,750	\$2,307,543	\$2,327,552	\$2,205,111	\$2,242,629	\$2,243,172	\$2,270,598	\$2,271,351	\$2,298,989
Reserve Fund											
% of Expenditures (exc. reserves)		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Road Fund Expenditures											
Pavement Maintenance	16	\$0	\$310,050	\$313,150	\$316,282	\$319,445	\$322,639	\$325,865	\$329,124	\$332,415	\$335,740
Signal Maintenance, Traffic Engineering		\$0	\$51,008	\$51,263	\$51,519	\$51,776	\$52,035	\$52,296	\$52,557	\$52,820	\$53,084
Other Costs (sweeping, trash removal, signs, drainage)		\$0	\$370,644	\$372,497	\$374,360	\$376,232	\$378,113	\$380,003	\$381,903	\$383,813	\$385,732
Subtotal		\$0	\$731,702	\$736,910	\$742,161	\$747,453	\$752,787	\$758,164	\$763,585	\$769,048	\$774,555
Contingency (10%)		\$0	\$73,170	\$73,691	\$74,216	\$74,745	\$75,279	\$75,816	\$76,358	\$76,905	\$77,456
Repayment, transition year County Services	17	\$0	\$180,928	\$180,928	\$180,928	\$180,928	\$180,928	\$0	\$0	\$0	\$0
Total Road Fund Expenditures		\$0	\$985,800	\$991,529	\$997,304	\$1,003,126	\$1,008,994	\$833,981	\$839,943	\$845,953	\$852,011

(1) Reference Notes are included in Figure B-1.

Source: Economic & Planning Systems, Inc.

**Table C-1**  
**Expenditure Estimate Notes**  
**San Martin Incorporation Analysis, EPS #17060**

Ref. #	Department/Program	Cost Factor	Estimating Cost Factor	Source	Fiscal Year									
					2009-10 1	2010-11 2	2011-12 3	2012-13 4	2013-14 5	2014-15 6	2015-16 7	2016-17 8	2017-18 9	2018-19 10
1	Legislative													
	City Council Expenses	5 Persons												
	Stipend	\$300 Per month			\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
	Memberships		\$4,000		\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
	Expenses (travel, meetings, etc.)		\$7,500		\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
	City Council Expenses				\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500
2	Elections													
	Assumes only general election	Initial year includes Spring '09 special election for cityhood and all councilmembers (initially funded by County) based on data from Registrar of Voters												
					\$200,000	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000
3	City Manager and City Clerk		See Figure C-2		\$281,225	\$328,659	\$330,289	\$331,927	\$333,573	\$335,227	\$336,890	\$338,561	\$340,240	\$341,928
4	City Attorney -- Contracted Service	\$250,000 Initial Year		0.5%	\$250,000	\$76,131	\$76,511	\$76,894	\$77,278	\$77,665	\$78,053	\$78,443	\$78,836	\$79,230
		\$75,000 Loomis												
5	Finance Services		See Figure C-3		\$166,050	\$222,507	\$223,620	\$224,738	\$225,861	\$226,991	\$228,126	\$229,266	\$230,413	\$231,565
6	Police													
	Initial Year Contract Cost	\$576,202												
	Subtotal		inclcd. traffic enforcement Sheriff's Dept.		1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
	(less) Revenues (fees and charges, grants, etc.)			\$5,000	0%									
	Subtotal				\$0	\$593,661	\$599,598	\$605,594	\$611,650	\$617,767	\$623,944	\$630,184	\$636,485	\$642,850
	(note: further information is pending from the County re: contract costs by alternative					<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>
7	Animal Control	\$73,700		0.5%	\$0	\$74,811	\$75,185	\$75,561	\$75,939	\$76,319	\$76,700	\$77,084	\$77,469	\$77,856
	Estimated Budget	\$89,000	\$62,300	0.70 FTE (based on San Martin share of County unincorp. Field Services Animal Control Officers)							17% share		4.00 officers	
			(\$10,300)	Budget based on Morgan Hill budget for 1 animal control officer , plus expenses (net of County shelter contract) reduced to San Martin FTE.										
			<u>\$21,700</u>	License revenue collected by County from San Martin area										
			\$73,700	Estimated cost for County shelter contract			\$100 per animal		217	intakes from animal control officers in San Martin area				
				\$11 per capita										
8	Planning and Building		See Figure C-4		\$137,672	\$443,032	\$444,635	\$446,246	\$347,864	\$349,491	\$351,126	\$352,769	\$354,421	\$356,080
9	Public Works													
	Administration		See Figure C-5		\$74,250	\$178,040	\$178,931	\$179,825	\$180,724	\$181,628	\$182,536	\$183,449	\$184,366	\$185,288
10	Street Lighting		\$0	offset by assessments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Table C-1 (cont.)**  
**Expenditure Estimate Notes**  
**San Martin Incorporation Analysis, EPS #17060**

Ref. #	Department/Program	Estimating Cost Factor	Cost Factor	2009-10 1	2010-11 2	2011-12 3	2012-13 4	Fiscal Year 2013-14 5	2014-15 6	2015-16 7	2016-17 8	2017-18 9	2018-19 10
11	Office Rent/Supplies												
	FTEs (Includes 3 additional spaces for contractual employees to use)												
	Finance, Planning & Building, Public Works Depts.			3.00	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25
	City Manager and City Clerk Offices			<u>1.50</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
	Subtotal			4.50	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25
	Plus Contractual per Dept												
	(building insp., other)			<u>1.00</u>	<u>2.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
	Total FTE			5.50	10.25	11.25	11.25	11.25	11.25	11.25	11.25	11.25	11.25
	Staff Capacity Required			11	11	11	11	11	11	11	11	11	11
	Office Space Required	200	sqft/employee	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250
	Council Chamber		sqft	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Total Space			2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250
	Total Rent	\$2.00	sqft/month	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000
	Annual Supplies	\$2,000	per FTE	\$11,000	\$20,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500
	Initial Computers, and Furnishings	\$8,000	per FTE	<u>\$44,000</u>	<u>\$38,000</u>	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	Total Rent and Supplies			\$109,000	\$112,500	\$84,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500
12	Insurance		3% of GF expenses (exc. insurance & contingency)	\$37,431	\$61,915	\$61,133	\$61,554	\$58,617	\$59,283	\$59,351	\$60,023	\$60,097	\$60,774
13	Contingency												
			10% of total GF expenses	\$128,513	\$212,576	\$209,890	\$211,334	\$201,251	\$203,537	\$203,773	\$206,078	\$206,333	\$208,657
			10% of total Repayment	<u>\$105,083</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
				\$233,596	\$212,576	\$209,890	\$211,334	\$201,251	\$203,537	\$203,773	\$206,078	\$206,333	\$208,657
14	LAFCO			\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437	\$1,437
	Total LAFCO Budget	\$543,283	\$576,369 inflated 2 years										
	Total member budgets	\$1,446,230	\$1,534,305 inflated 2 years (1,000s)										
	San Martin Budget		\$3,824,903 Year 2, inc. Road Fund										
	San Martin/Total		0.25% \$1,437 share of LAFCO budget										
15	Repayment, (see Table B-4)		interest rate	0%	\$1,050,827	FALSE	FALSE	FALSE	FALSE	FALSE			
	Based on County costs FY07												
	Transition Year		100% in first year										
	Animal services	\$278,447	100%										
	Planning & Land Use	\$112,452	100%										
	Code Enforcement	\$29,160	100%										
	NPDES	\$3,186	100%										
	Building Inspection	\$9,444	100%										
	Waste Management	\$129,205	100%										
	Sheriff's Dept.	<u>\$488,933</u>	100%										
	Subtotal	\$1,050,827											
	Total 1st yr costs	\$1,050,827	excludes County "general government" costs										
	Loan Repayment	\$1,050,827	before credits										
	See Table B-3												
	Revenue Credits (see Table B-1)												
	Property Tax	\$687,951											
	Sales Tax	\$419,443											
	TOT	\$0											
	Property Transfer Tax	\$0											
	Franchise Fee	\$0											
	Police Revenues	\$5,000											
	Fines and Penalties	<u>\$0</u>											
	Subtotal	\$1,112,394											
	Repayment net of Credits	(\$61,566)											
	Grants (Road Maintenance)	\$0	based on estimated City pavement maintenance costs (w/contingency)										

Table C-1 (cont.)  
Expenditure Estimate Notes  
San Martin Incorporation Analysis, EPS #17060

Ref. #	Department/Program	Estimating Cost Factor	Cost Factor	Fiscal Year									
				2009-10 1	2010-11 2	2011-12 3	2012-13 4	2013-14 5	2014-15 6	2015-16 7	2016-17 8	2017-18 9	2018-19 10
Road Fund													
		54.52	Miles of road (center line)										
16	Road Fund Maintenance Cost	\$663,323	County estimated costs, 7/01/08, pavement maintenance adjusted to \$300,000 to reflect extraordinary FY07 expenditures Assumes that city is not subject to additional costs due to court injunction against County use of "roundup" (50% reduction in cost) Traffic signal maintenance, engineering (\$120,000) included in repayment for Transition Year services.										
		54.52	Centerline miles of road										
		\$5,465	/lane mile per year      annual inc= 1.0%	\$0	\$310,050	\$313,150	\$316,282	\$319,445	\$322,639	\$325,865	\$329,124	\$332,415	\$335,740
			based on slurry seal lifecycle cost 93% of chip seal per CalTrans Guidelines (\$0.30/sq.ft. chip seal, 28 ft. avg road widths, 10-yr cycle) includes costs associated with paving, including mobilization, traffic control, prep work, spot repair, roadside repair, striping or other finish work)										
			Traffic signal maintenance, engineering 0.5%	\$51,008	\$51,263	\$51,519	\$51,776	\$52,035	\$52,296	\$52,557	\$52,820	\$53,084	
			\$50,000    Other costs (signal maint., traffic engineering; excludes cost-recovery land dev. engineering)										
			Other Road Costs      0.5%	\$370,644	\$372,497	\$374,360	\$376,232	\$378,113	\$380,003	\$381,903	\$383,813	\$385,732	
			\$363,323    based on County costs (excluding pavement maint.) for operational costs including sweeping, drainage, roadside maintenance, etc., 50% weed abatement										
			\$6,664    per centerline										
	Subtotal			\$0	\$731,702	\$736,910	\$742,161	\$747,453	\$752,787	\$758,164	\$763,585	\$769,048	\$774,555
	Contingency (10%)			\$0	\$73,170	\$73,691	\$74,216	\$74,745	\$75,279	\$75,816	\$76,358	\$76,905	\$77,456
	Total			\$0	\$804,872	\$810,601	\$816,377	\$822,198	\$828,066	\$833,981	\$839,943	\$845,953	\$852,011
			total per centerline:	\$14,763									
17	Repayment, transition Services (inc. eng, lts)	\$783,323	5%	\$0	\$180,928	\$180,928	\$180,928	\$180,928	\$180,928	-	-	-	-

**Table C-2**  
**City Manager and City Clerk Cost Estimates**  
**San Martin Incorporation Analysis, EPS #17060**

Ref. Item Description	Assumptions				Fiscal Year									
					2009-10 1	2010-11 2	2011-12 3	2009-10 4	2010-11 5	2011-12 6	2012-13 7	2013-14 8	2014-15 9	2015-16 10
City Manager Office														
City Manager					1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$140,000	Morgan Hill	Real increase	0.5%	\$140,000	\$140,700	\$141,404	\$142,111	\$142,821	\$143,535	\$144,253	\$144,974	\$145,699	\$146,427
Benefits	35%				<u>\$49,000</u>	<u>\$49,245</u>	<u>\$49,491</u>	<u>\$49,739</u>	<u>\$49,987</u>	<u>\$50,237</u>	<u>\$50,488</u>	<u>\$50,741</u>	<u>\$50,995</u>	<u>\$51,250</u>
Subtotal					\$189,000	\$189,945	\$190,895	\$191,849	\$192,808	\$193,772	\$194,741	\$195,715	\$196,694	\$197,677
Assistant to City Manager					0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Annual Salary	\$0			0.5%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Benefits	30%				<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Subtotal					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Personnel Subtotal					\$189,000	\$189,945	\$190,895	\$191,849	\$192,808	\$193,772	\$194,741	\$195,715	\$196,694	\$197,677
Other (travel, subscriptions, phone, software, services, etc.)			10%		\$18,900	\$18,995	\$19,089	\$19,185	\$19,281	\$19,377	\$19,474	\$19,572	\$19,669	\$19,768
Total City Manager Office Expenses					\$207,900	\$208,940	\$209,984	\$211,034	\$212,089	\$213,150	\$214,215	\$215,287	\$216,363	\$217,445
City Clerk Office														
City Clerk - FTE					0.50	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$75,000	EPS	Real increase	0.5%	\$37,500	\$75,375	\$75,752	\$76,131	\$76,511	\$76,894	\$77,278	\$77,665	\$78,053	\$78,443
Benefits	35%				<u>\$13,125</u>	<u>\$26,381</u>	<u>\$26,513</u>	<u>\$26,646</u>	<u>\$26,779</u>	<u>\$26,913</u>	<u>\$27,047</u>	<u>\$27,183</u>	<u>\$27,319</u>	<u>\$27,455</u>
Subtotal					\$50,625	\$101,756	\$102,265	\$102,776	\$103,290	\$103,807	\$104,326	\$104,847	\$105,372	\$105,898
Other Costs														
Legal Notices	\$2,700	Portola Valley	Real increase	0%	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700
Other Costs	15%				<u>\$20,000</u>	<u>\$15,263</u>	<u>\$15,340</u>	<u>\$15,416</u>	<u>\$15,494</u>	<u>\$15,571</u>	<u>\$15,649</u>	<u>\$15,727</u>	<u>\$15,806</u>	<u>\$15,885</u>
Subtotal Other Costs	(note: startup year costs slightly greater)				\$22,700	\$17,963	\$18,040	\$18,116	\$18,194	\$18,271	\$18,349	\$18,427	\$18,506	\$18,585
Total City Clerk Office Expenses					\$73,325	\$119,720	\$120,305	\$120,893	\$121,484	\$122,078	\$122,675	\$123,274	\$123,877	\$124,483

Source: Economic & Planning Systems, Inc.

**Table C-3**  
**Finance Services Department Cost Estimates**  
**San Martin Incorporation Analysis, EPS #17060**

Ref. Item Description	Assumptions				Fiscal Year							2015-16 10		
					2009-10 1	2010-11 2	2011-12 3	2009-10 4	2010-11 5	2011-12 6	2012-13 7		2013-14 8	2014-15 9
Finance Department														
Finance Manager - FTE					0.75	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Annual Salary	\$90,000	La Habra Heights	Real increase	0.5%	\$67,500	\$90,450	\$90,902	\$91,357	\$91,814	\$92,273	\$92,734	\$93,198	\$93,664	\$94,132
Benefits	35%				<u>\$20,250</u>	<u>\$27,135</u>	<u>\$27,271</u>	<u>\$27,407</u>	<u>\$27,544</u>	<u>\$27,682</u>	<u>\$27,820</u>	<u>\$27,959</u>	<u>\$28,099</u>	<u>\$28,240</u>
Subtotal					\$87,750	\$117,585	\$118,173	\$118,764	\$119,358	\$119,954	\$120,554	\$121,157	\$121,763	\$122,372
Financial Analyst- FTE					0.75	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$50,000	Morgan Hill	Real increase	0.5%	\$37,500	\$50,250	\$50,501	\$50,754	\$51,008	\$51,263	\$51,519	\$51,776	\$52,035	\$52,296
Benefits	35%				<u>\$13,125</u>	<u>\$17,588</u>	<u>\$17,675</u>	<u>\$17,764</u>	<u>\$17,853</u>	<u>\$17,942</u>	<u>\$18,032</u>	<u>\$18,122</u>	<u>\$18,212</u>	<u>\$18,303</u>
Subtotal					\$50,625	\$67,838	\$68,177	\$68,518	\$68,860	\$69,204	\$69,550	\$69,898	\$70,248	\$70,599
Personnel Subtotal					\$138,375	\$185,423	\$186,350	\$187,281	\$188,218	\$189,159	\$190,105	\$191,055	\$192,010	\$192,971
Other (travel, subscriptions, phone, software, services, €		20%			\$27,675	\$37,085	\$37,270	\$37,456	\$37,644	\$37,832	\$38,021	\$38,211	\$38,402	\$38,594
Total Finance Department Expenses					\$166,050	\$222,507	\$223,620	\$224,738	\$225,861	\$226,991	\$228,126	\$229,266	\$230,413	\$231,565

Source: Economic & Planning Systems, Inc.

**Table C-4**  
**Planning and Building Department Cost Estimates**  
**San Martin Incorporation Analysis, EPS #17060**

Ref. Item Description	Assumptions				Fiscal Year								
					2009-10 1	2010-11 2	2011-12 3	2012-13 4	2013-14 5	2014-15 6	2015-16 7	2016-17 8	2017-18 9
Planning and Building Department													
Planning and Building Director - FTE					0.50	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$100,000	La Habra Hts.	Real increase	0.5%	\$50,000	\$100,500	\$101,003	\$101,508	\$102,015	\$102,525	\$103,038	\$103,553	\$104,071
Benefits	35%				\$17,500	\$35,175	\$35,351	\$35,528	\$35,705	\$35,884	\$36,063	\$36,244	\$36,425
Subtotal					\$67,500	\$135,675	\$136,353	\$137,035	\$137,720	\$138,409	\$139,101	\$139,796	\$140,495
					25%								
Planners (senior and principal) - FTE					0.25	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$65,000	Morgan Hill	Real increase	0.5%	\$16,250	\$65,325	\$65,652	\$65,980	\$66,310	\$66,641	\$66,975	\$67,309	\$67,646
Benefits	35%				\$5,688	\$22,864	\$22,978	\$23,093	\$23,208	\$23,324	\$23,441	\$23,558	\$23,676
Subtotal					\$21,938	\$88,189	\$88,630	\$89,073	\$89,518	\$89,966	\$90,416	\$90,868	\$91,322
					0.25	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Building Inspector/Code Enforcement - FTE					0.25	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$60,000	EPS	Real increase	0.5%	\$15,000	\$60,300	\$60,602	\$60,905	\$61,209	\$61,515	\$61,823	\$62,132	\$62,442
Benefits	35%				\$5,250	\$21,105	\$21,211	\$21,317	\$21,423	\$21,530	\$21,638	\$21,746	\$21,855
Subtotal					\$20,250	\$81,405	\$81,812	\$82,221	\$82,632	\$83,045	\$83,461	\$83,878	\$84,297
Personnel Subtotal					\$109,688	\$305,269	\$306,795	\$308,329	\$309,871	\$311,420	\$312,977	\$314,542	\$316,115
Other Costs													
Planning Consultants (GP, CEQA, Zoning Ord)					\$0	\$100,000	\$100,000	\$100,000	\$0	\$0	\$0	\$0	\$0
HCP Participation	future Town may consider participation												
Planning Consultants (other)					\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Mapping Production	\$7,500				\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
Planning Commission Expense	\$5,000				\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Miscellaneous Other Costs	5% of personnel costs				\$5,484	\$15,263	\$15,340	\$15,416	\$15,494	\$15,571	\$15,649	\$15,727	\$15,806
Other Cost Subtotal					\$27,984	\$137,763	\$137,840	\$137,916	\$37,994	\$38,071	\$38,149	\$38,227	\$38,306
Total Planning and Building Department Expenses					\$137,672	\$443,032	\$444,635	\$446,246	\$347,864	\$349,491	\$351,126	\$352,769	\$354,421

Source: Economic & Planning Systems, Inc.



**Table C-5**  
**Public Works Department Cost Estimates**  
**San Martin Incorporation Analysis, EPS #17060**

Ref. Item Description	Assumptions	Fiscal Year										
		2009-10 1	2010-11 2	2011-12 3	2012-13 4	2013-14 5	2014-15 6	2015-16 7	2016-17 8	2017-18 9	2018-19 10	
Public Works Department												
Public Works Director - FTE (or contract initially)			0.50	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$100,000 Loomis	Real increase 0.5%	\$50,000	\$100,500	\$101,003	\$101,508	\$102,015	\$102,525	\$103,038	\$103,553	\$104,071	\$104,591
Benefits	35%		\$17,500	\$35,175	\$35,351	\$35,528	\$35,705	\$35,884	\$36,063	\$36,244	\$36,425	\$36,607
Subtotal			\$67,500	\$135,675	\$136,353	\$137,035	\$137,720	\$138,409	\$139,101	\$139,796	\$140,495	\$141,198
Clean Water Specialist - FTE (or contract initially)			0.0	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Annual Salary	\$76,800 County	Real increase 0.5%	\$0	\$19,392	\$19,489	\$19,587	\$19,685	\$19,783	\$19,882	\$19,982	\$20,081	\$20,182
Benefits	35%		\$0	\$6,787	\$6,821	\$6,855	\$6,890	\$6,924	\$6,959	\$6,994	\$7,029	\$7,064
Subtotal			\$0	\$26,180	\$26,311	\$26,442	\$26,575	\$26,707	\$26,841	\$26,975	\$27,110	\$27,246
Personnel Subtotal			\$67,500	\$161,855	\$162,664	\$163,477	\$164,295	\$165,116	\$165,942	\$166,772	\$167,605	\$168,443
Other (travel, subscriptions, phone, software, services, €		10%	\$6,750	\$16,185	\$16,266	\$16,348	\$16,429	\$16,512	\$16,594	\$16,677	\$16,761	\$16,844
Total Public Works Department Expenses			\$74,250	\$178,040	\$178,931	\$179,825	\$180,724	\$181,628	\$182,536	\$183,449	\$184,366	\$185,288

Source: Economic & Planning Systems, Inc.

## APPENDIX II

(Analysis included in March 5, 2008 Draft CFA)

### BUDGET AND COUNTY IMPACT—EXCLUDING AREA 4

**Table 1**  
**Summary of Revenues and Expenses (All Figures in Constant \$'s)**  
**San Martin Incorporation Analysis, EPS #17060**      **Partial Transition Year**      **6 months**      **Proponents' Proposed Boundary minus Area 4**

Item	Fiscal Year									
	2008-09 1	2009-10 2	2010-11 3	2011-12 4	2012-13 5	2013-14 6	2014-15 7	2015-16 8	2016-17 9	2017-18 10
<b>A. GENERAL FUND OPERATIONS</b>										
<b>General Fund Revenues</b>										
Property Taxes	\$0	\$670,478	\$688,150	\$706,335	\$725,047	\$744,300	\$764,108	\$784,485	\$805,447	\$827,009
Sales Tax	\$0	\$837,677	\$837,677	\$837,677	\$837,677	\$837,677	\$837,677	\$837,677	\$837,677	\$837,677
Transient Occupancy Tax	\$0	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557
Real Property Transfer Tax	\$0	\$5,445	\$5,582	\$5,722	\$5,865	\$6,012	\$6,162	\$6,316	\$6,474	\$6,636
Franchise Fees	\$0	\$266,986	\$267,188	\$267,390	\$267,592	\$267,795	\$267,997	\$268,199	\$268,401	\$268,603
Planning and Building Fees	\$0	\$274,742	\$276,116	\$277,496	\$278,884	\$280,278	\$281,679	\$283,088	\$284,503	\$285,926
Public Works/Eng. Fees	\$0	\$89,020	\$89,465	\$89,913	\$90,362	\$90,814	\$91,268	\$91,724	\$92,183	\$92,644
Fines, Penalties, Misc.	\$0	\$30,131	\$30,239	\$30,347	\$30,455	\$30,563	\$30,671	\$30,779	\$30,887	\$30,996
State Motor Vehicle License Fees	\$28,657	\$57,520	\$57,726	\$57,931	\$58,137	\$58,342	\$58,548	\$58,753	\$58,959	\$59,165
Property Tax/VLF Swap	\$252,276	\$472,604	\$440,415	\$407,984	\$375,313	\$342,400	\$343,606	\$344,813	\$346,019	\$347,226
Revenue Credits (transition yr, rec'd by County)	\$964,861									
Investment Earnings	\$5,619	\$58,523	\$58,282	\$58,047	\$57,818	\$57,595	\$58,065	\$58,548	\$59,042	\$59,549
<b>Total</b>	<b>\$1,251,413</b>	<b>\$2,984,682</b>	<b>\$2,972,396</b>	<b>\$2,960,399</b>	<b>\$2,948,707</b>	<b>\$2,937,333</b>	<b>\$2,961,339</b>	<b>\$2,985,940</b>	<b>\$3,011,151</b>	<b>\$3,036,986</b>
<b>General Fund Expenses</b>										
Legislative	\$16,750	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500
Elections	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000
City Manager and City Clerk	\$140,613	\$328,659	\$330,289	\$331,927	\$333,573	\$335,227	\$336,890	\$338,561	\$340,240	\$341,928
City Attorney	\$125,000	\$76,131	\$76,511	\$76,894	\$77,278	\$77,665	\$78,053	\$78,443	\$78,836	\$79,230
Administrative Services	\$83,025	\$222,507	\$223,620	\$224,738	\$225,861	\$226,991	\$228,126	\$229,266	\$230,413	\$231,565
Police	\$0	\$573,108	\$578,889	\$584,728	\$590,625	\$596,582	\$602,597	\$608,673	\$614,810	\$621,008
Animal Control	\$0	\$73,895	\$74,264	\$74,636	\$75,009	\$75,384	\$75,761	\$76,140	\$76,520	\$76,903
Planning and Building	\$51,688	\$443,032	\$444,635	\$446,246	\$347,864	\$349,491	\$351,126	\$352,769	\$354,421	\$356,080
Public Works Administration	\$37,125	\$178,040	\$178,931	\$179,825	\$180,724	\$181,628	\$182,536	\$183,449	\$184,366	\$185,288
Non-Departmental										
Office Rent/Supplies	\$57,000	\$132,500	\$84,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500
Insurance	\$15,336	\$62,021	\$60,634	\$61,050	\$58,108	\$58,769	\$58,833	\$59,499	\$59,568	\$60,240
Contingency (10%)	\$102,482	\$212,939	\$208,177	\$209,604	\$199,504	\$201,774	\$201,992	\$204,280	\$204,517	\$206,824
Reserve Fund Contribution	\$102,482	\$110,457	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LAFCO	\$1,188	\$1,188	\$1,188	\$1,188	\$1,188	\$1,188	\$1,188	\$1,188	\$1,188	\$1,188
Repayment of Transition Yr Cnty Services (1)	\$498,285	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$1,230,973</b>	<b>\$2,453,978</b>	<b>\$2,291,138</b>	<b>\$2,306,835</b>	<b>\$2,195,736</b>	<b>\$2,220,698</b>	<b>\$2,223,102</b>	<b>\$2,248,269</b>	<b>\$2,250,879</b>	<b>\$2,276,254</b>
<b>General Fund Operating Surplus (Deficit)</b>	<b>\$20,440</b>	<b>\$530,704</b>	<b>\$681,257</b>	<b>\$653,564</b>	<b>\$752,971</b>	<b>\$716,635</b>	<b>\$738,237</b>	<b>\$737,672</b>	<b>\$760,272</b>	<b>\$760,732</b>
<b>Reserve Fund Balance</b>										
% of Expenditures (exc. conting. reserves)	10.0%	10.0%	10.2%	10.2%	10.7%	10.6%	10.5%	10.4%	10.4%	10.3%
<b>B. ROAD FUND OPERATIONS</b>										
<b>Road Fund Revenues</b>										
Gas Taxes	\$92,817	\$174,310	\$162,900	\$151,406	\$139,826	\$128,160	\$128,588	\$129,015	\$129,443	\$129,871
Prop 42 Funds	\$29,348	\$58,906	\$59,709	\$60,521	\$61,344	\$62,178	\$63,021	\$63,876	\$64,741	\$65,617
<b>Total</b>	<b>\$122,164</b>	<b>\$233,216</b>	<b>\$222,609</b>	<b>\$211,927</b>	<b>\$201,170</b>	<b>\$190,338</b>	<b>\$191,609</b>	<b>\$192,891</b>	<b>\$194,184</b>	<b>\$195,488</b>
<b>Road Fund Expenditures</b>										
Pavement Maintenance		\$185,888	\$187,747	\$189,624	\$191,520	\$193,435	\$195,370	\$197,324	\$199,297	\$201,290
Signal Maintenance, Traffic Engineering		\$51,008	\$51,263	\$51,519	\$51,776	\$52,035	\$52,296	\$52,557	\$52,820	\$53,084
Other Costs (sweeping, trash removal, signs, drainage)		\$509,365	\$511,912	\$514,472	\$517,044	\$519,629	\$522,227	\$524,838	\$527,463	\$530,100
Contingency (10%)		\$74,626	\$75,092	\$75,561	\$76,034	\$76,510	\$76,989	\$77,472	\$77,958	\$78,447
Repayment of Transition Yr Cnty Services	\$630,865									
<b>Total</b>	<b>\$630,865</b>	<b>\$820,886</b>	<b>\$826,013</b>	<b>\$831,176</b>	<b>\$836,375</b>	<b>\$841,610</b>	<b>\$846,882</b>	<b>\$852,191</b>	<b>\$857,537</b>	<b>\$862,921</b>
<b>Road Fund Operating Surplus (Deficit)</b>	<b>(\$508,701)</b>	<b>(\$587,671)</b>	<b>(\$603,404)</b>	<b>(\$619,249)</b>	<b>(\$635,205)</b>	<b>(\$651,272)</b>	<b>(\$655,273)</b>	<b>(\$659,299)</b>	<b>(\$663,353)</b>	<b>(\$667,433)</b>
<b>TOTAL, All Funds</b>	<b>(\$488,261)</b>	<b>(\$56,966)</b>	<b>\$77,853</b>	<b>\$34,315</b>	<b>\$117,766</b>	<b>\$65,362</b>	<b>\$82,965</b>	<b>\$78,372</b>	<b>\$96,919</b>	<b>\$93,299</b>

(1) Repayment cost accounts for animal services, planning and land use, code enforcement, public works, and sheriff department services the County is obligated to provide for the remainder of the first fiscal year.

Table 3

**Change in Revenues and Expenses to Santa Clara County  
San Martin Incorporation Analysis, EPS #17060**

**Proponents' Proposed Boundary minus Area 4**

Item	Amount	Notes
<b>General Fund Revenues and Expenditures (FY07) (1)</b>		
<b>Revenues Transferred to the City</b>		
Property Taxes	\$568,645	estimated transfer amount FY 07
Transient Occupancy Tax	\$221,557	
Sales Tax	\$837,677	includes estimated 12% unallocated
Real Property Transfer Tax	\$2,335	50% of FY 07 amount (\$.55/\$1,000 value)
Franchise Fees	\$233,540	including solid waste, PG&E, cable, water
AB 939 Fees	\$10,237	
<b>Subtotal</b>	<b>\$1,873,991</b>	
<b>Expenditures for Service Responsibilities Transferred to the City (1)</b>		
Animal Control	\$256,401	
Land Use Planning, Inspection, Enforcement	\$139,096	
Clean Water	\$2,934	
Waste Management	\$122,132	
Sheriff	\$471,402	
<b>Subtotal</b>	<b>\$991,965</b>	
<b>Other (revenue increases) (2)</b>		
Property Tax Administration Fees	\$7,683	Based on first year of city
Booking Fees	\$0	Not paid by cities, per State budget
<b>Net County Surplus or (Deficit)</b>	<b>(\$874,344)</b>	
<b>County Road Fund</b>		
<b>Revenue Reductions (3)</b>		
Gas Tax: Highway User Tax 2106c	\$25,904	based on 7.7% reduction in unincorp. a.v.
Gas Tax: Highway User Tax 2105a [2]	\$183	based on reduction in County maintained miles
Grants	\$89,414	Cnty avg/collector times 27 collector miles
Traffic Congestion Relief: 2182a [1] (B)	\$36,661	based on reduction in County maintained miles
<b>Subtotal</b>	<b>\$152,163</b>	
<b>Expenditure Reductions (4)</b>		
Road Maintenance	\$1,141,730	
Other Road Costs (traffic engineering, signal maint.)	\$120,000	Excludes cost-recovery development engineering
<b>Subtotal</b>	<b>\$1,261,730</b>	
<b>Net County Road Fund Surplus or (Deficit)</b>	<b>\$1,109,567</b>	
<b>Total General Fund and Road Fund Surplus or (Deficit)</b>	<b>\$235,224 *</b>	

\* Note: Legal requirements on the use of Road Fund revenues will prohibit transfers from the Road Fund to directly offset General Fund impacts.

- (1) Costs shown in this table represent FY07 County costs for those service responsibilities to be transferred to the new city. Future city costs shown in Table 1 will not necessarily correspond to these FY07 County costs since the specific future services, staffing, facilities, contracts and manner of service provision will differ for the future city. For example, the future city will need to provide traffic enforcement, which currently is not a County responsibility.
- (2) The County will realize new revenues (e.g., property tax administration charges) for services currently provided without compensation.
- (3) County road revenues are not significantly affected, as they largely depend on Countywide population and registered vehicles, and are not influenced by a change in unincorporated vs. incorporated population or road miles.
- (4) Future city road maintenance expenditures shown in Table 1 are assumed to be lower than recent expenditures due to the improved condition of the roads upon transfer from the County to the new city.

**Table A**  
**Alternative Scenario Assumptions**

Scenario	Pop. (1)	Centerline Road Miles (2)	Housing Units (1)	Housing Factor	Sales Tax (3)	Road Factor	Other Road Costs (2)	Total Current Cnty Costs	Crnt. Sheriff Costs	Future Sheriff Contract
<b>Proponents' Proposed Boundary</b>	6,921	54.52	2,089	100.0%	\$738,568	100%	\$513,486	\$1,502,235	\$488,933	\$576,202
<b>Proponents' Proposed Boundary minus Area 4</b>	6,373	48.02	1,924	92.1%	\$737,504	88%	499,304	1,141,730	\$476,006	\$561,106
<b>Proponents' Proposed Boundary minus Area 5</b>	6,478	43.42	1,955	93.6%	\$711,493	80%	471,732	1,227,550	\$476,006	\$561,106
<b>Proponents' Proposed Bdry minus Area 4 &amp; Area 5</b>	5,930	36.92	1,790	85.7%	\$710,429	68%	457,550	867,045	\$463,079	\$546,009

(1) EPS review of census data

(2) Roads Dept., spreadsheet dated 1/18/08 as revised for Areas 4 and 5 2/4/2008 (see also Table C-1, note 16)

(3) County of Santa Clara

(4) Sheriff's Dept., 2/5/08 less estimated traffic enforcement

(5) Sheriff's Dept., 2/5/08

## APPENDIX III

(Analysis included in March 5, 2008 Draft CFA)

### BUDGET AND COUNTY IMPACT—EXCLUDING AREA 5

Table 1

## Summary of Revenues and Expenses (All Figures in Constant \$'s)

San Martin Incorporation Analysis, EPS #17060

Partial Transition Year

6 months

Proponents' Proposed Boundary minus Area 5

Item	Fiscal Year									
	2008-09 1	2009-10 2	2010-11 3	2011-12 4	2012-13 5	2013-14 6	2014-15 7	2015-16 8	2016-17 9	2017-18 10
<b>A. GENERAL FUND OPERATIONS</b>										
<b>General Fund Revenues</b>										
Property Taxes	\$0	\$675,594	\$693,349	\$711,619	\$730,417	\$749,757	\$769,652	\$790,119	\$811,171	\$832,823
Sales Tax	\$0	\$808,133	\$808,133	\$808,133	\$808,133	\$808,133	\$808,133	\$808,133	\$808,133	\$808,133
Transient Occupancy Tax	\$0	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557
Real Property Transfer Tax	\$0	\$5,443	\$5,579	\$5,719	\$5,862	\$6,008	\$6,158	\$6,311	\$6,468	\$6,629
Franchise Fees	\$0	\$271,371	\$271,573	\$271,775	\$271,978	\$272,180	\$272,382	\$272,584	\$272,786	\$272,988
Planning and Building Fees	\$0	\$274,742	\$276,116	\$277,496	\$278,884	\$280,278	\$281,679	\$283,088	\$284,503	\$285,926
Public Works/Eng. Fees	\$0	\$89,020	\$89,465	\$89,913	\$90,362	\$90,814	\$91,268	\$91,724	\$92,183	\$92,644
Fines, Penalties, Misc.	\$0	\$30,620	\$30,728	\$30,836	\$30,944	\$31,052	\$31,161	\$31,269	\$31,377	\$31,485
State Motor Vehicle License Fees	\$29,123	\$58,451	\$58,656	\$58,862	\$59,067	\$59,273	\$59,479	\$59,684	\$59,890	\$60,095
Property Tax/VLF Swap	\$256,372	\$480,251	\$447,515	\$414,539	\$381,321	\$347,862	\$349,069	\$350,275	\$351,481	\$352,688
Revenue Credits (transition yr, rec'd by County)	\$956,809									
Investment Earnings	\$5,710	\$58,304	\$58,053	\$57,809	\$57,571	\$57,338	\$57,811	\$58,295	\$58,791	\$59,299
<b>Total</b>	<b>\$1,248,014</b>	<b>\$2,973,486</b>	<b>\$2,960,726</b>	<b>\$2,948,258</b>	<b>\$2,936,096</b>	<b>\$2,924,252</b>	<b>\$2,948,348</b>	<b>\$2,973,039</b>	<b>\$2,998,340</b>	<b>\$3,024,268</b>
<b>General Fund Expenses</b>										
Legislative	\$16,750	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500
Elections	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000
City Manager and City Clerk	\$140,613	\$328,659	\$330,289	\$331,927	\$333,573	\$335,227	\$336,890	\$338,561	\$340,240	\$341,928
City Attorney	\$125,000	\$76,131	\$76,511	\$76,894	\$77,278	\$77,665	\$78,053	\$78,443	\$78,836	\$79,230
Administrative Services	\$83,025	\$222,507	\$223,620	\$224,738	\$225,861	\$226,991	\$228,126	\$229,266	\$230,413	\$231,565
Police	\$0	\$573,108	\$578,889	\$584,728	\$590,625	\$596,582	\$602,597	\$608,673	\$614,810	\$621,008
Animal Control	\$0	\$74,070	\$74,441	\$74,813	\$75,187	\$75,563	\$75,941	\$76,320	\$76,702	\$77,086
Planning and Building	\$51,688	\$443,032	\$444,635	\$446,246	\$347,864	\$349,491	\$351,126	\$352,769	\$354,421	\$356,080
Public Works Administration	\$37,125	\$178,040	\$178,931	\$179,825	\$180,724	\$181,628	\$182,536	\$183,449	\$184,366	\$185,288
Non-Departmental										
Office Rent/Supplies	\$57,000	\$132,500	\$84,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500
Insurance	\$15,336	\$62,026	\$60,639	\$61,055	\$58,113	\$58,774	\$58,838	\$59,504	\$59,574	\$60,246
Contingency (10%)	\$102,880	\$212,957	\$208,195	\$209,623	\$199,523	\$201,792	\$202,011	\$204,299	\$204,536	\$206,843
Reserve Fund Contribution	\$102,880	\$110,077	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LAFCO	\$1,169	\$1,169	\$1,169	\$1,169	\$1,169	\$1,169	\$1,169	\$1,169	\$1,169	\$1,169
Repayment of Transition Yr Cnty Services (1)	\$502,265	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$1,235,731</b>	<b>\$2,453,778</b>	<b>\$2,291,319</b>	<b>\$2,307,017</b>	<b>\$2,195,919</b>	<b>\$2,220,882</b>	<b>\$2,223,287</b>	<b>\$2,248,455</b>	<b>\$2,251,066</b>	<b>\$2,276,442</b>
<b>General Fund Operating Surplus (Deficit)</b>	<b>\$12,283</b>	<b>\$519,707</b>	<b>\$669,407</b>	<b>\$641,241</b>	<b>\$740,176</b>	<b>\$703,370</b>	<b>\$725,061</b>	<b>\$724,584</b>	<b>\$747,274</b>	<b>\$747,826</b>
<b>Reserve Fund Balance</b>										
% of Expenditures (exc. conting. reserves)	10.0%	10.0%	10.2%	10.2%	10.7%	10.6%	10.5%	10.4%	10.4%	10.3%
<b>B. ROAD FUND OPERATIONS</b>										
<b>Road Fund Revenues</b>										
Gas Taxes	\$94,269	\$177,020	\$165,417	\$153,729	\$141,955	\$130,096	\$130,524	\$130,951	\$131,379	\$131,807
Prop 42 Funds	\$29,826	\$59,863	\$60,675	\$61,497	\$62,330	\$63,173	\$64,027	\$64,891	\$65,767	\$66,653
<b>Total</b>	<b>\$124,094</b>	<b>\$236,883</b>	<b>\$226,092</b>	<b>\$215,226</b>	<b>\$204,285</b>	<b>\$193,269</b>	<b>\$194,551</b>	<b>\$195,843</b>	<b>\$197,146</b>	<b>\$198,460</b>
<b>Road Fund Expenditures</b>										
Pavement Maintenance		\$168,081	\$169,762	\$171,459	\$173,174	\$174,906	\$176,655	\$178,421	\$180,205	\$182,007
Signal Maintenance, Traffic Engineering		\$51,008	\$51,263	\$51,519	\$51,776	\$52,035	\$52,296	\$52,557	\$52,820	\$53,084
Other Costs (sweeping, trash removal, signs, drainage)		\$481,238	\$483,644	\$486,062	\$488,492	\$490,935	\$493,389	\$495,856	\$498,336	\$500,827
Contingency (10%)		\$70,033	\$70,467	\$70,904	\$71,344	\$71,788	\$72,234	\$72,683	\$73,136	\$73,592
Repayment of Transition Yr Cnty Services	\$673,775									
<b>Total</b>	<b>\$673,775</b>	<b>\$770,359</b>	<b>\$775,135</b>	<b>\$779,944</b>	<b>\$784,787</b>	<b>\$789,663</b>	<b>\$794,574</b>	<b>\$799,518</b>	<b>\$804,497</b>	<b>\$809,511</b>
<b>Road Fund Operating Surplus (Deficit)</b>	<b>(\$549,681)</b>	<b>(\$533,476)</b>	<b>(\$549,043)</b>	<b>(\$564,718)</b>	<b>(\$580,502)</b>	<b>(\$596,394)</b>	<b>(\$600,023)</b>	<b>(\$603,675)</b>	<b>(\$607,351)</b>	<b>(\$611,051)</b>
<b>TOTAL, All Funds</b>	<b>(\$537,397)</b>	<b>(\$13,768)</b>	<b>\$120,364</b>	<b>\$76,523</b>	<b>\$159,675</b>	<b>\$106,976</b>	<b>\$125,038</b>	<b>\$120,909</b>	<b>\$139,923</b>	<b>\$136,775</b>

(1) Repayment cost accounts for animal services, planning and land use, code enforcement, public works, and sheriff department services the County is obligated to provide for the remainder of the first fiscal year.

March 5, 2008

Table 3

Change in Revenues and Expenses to Santa Clara County  
San Martin Incorporation Analysis, EPS #17060

Proponents' Proposed Boundary minus Area 5

Item	Amount	Notes
<b>General Fund Revenues and Expenditures (FY07) (1)</b>		
<b>Revenues Transferred to the City</b>		
Property Taxes	\$573,166	estimated transfer amount FY 07
Transient Occupancy Tax	\$221,557	
Sales Tax	\$808,133	includes estimated 12% unallocated
Real Property Transfer Tax	\$2,335	50% of FY 07 amount (\$.55/\$1,000 value)
Franchise Fees	\$237,388	including solid waste, PG&E, cable, water
AB 939 Fees	\$10,237	
<b>Subtotal</b>	<b>\$1,852,815</b>	
<b>Expenditures for Service Responsibilities Transferred to the City (1)</b>		
Animal Control	\$260,625	
Land Use Planning, Inspection, Enforcement	\$141,388	
Clean Water	\$2,982	
Waste Management	\$123,529	
Sheriff	\$471,326	
<b>Subtotal</b>	<b>\$999,850</b>	
<b>Other (revenue increases) (2)</b>		
Property Tax Administration Fees	\$7,742	Based on first year of city
Booking Fees	\$0	Not paid by cities, per State budget
<b>Net County Surplus or (Deficit)</b>	<b>(\$845,223)</b>	
<b>County Road Fund</b>		
<b>Revenue Reductions (3)</b>		
Gas Tax: Highway User Tax 2106c	\$26,208	based on 7.7% reduction in unincorp. a.v.
Gas Tax: Highway User Tax 2105a [2]	\$166	based on reduction in County maintained miles
Grants	\$89,414	Cnty avg/collector times 27 collector miles
Traffic Congestion Relief: 2182a [1] (B)	\$33,149	based on reduction in County maintained miles
<b>Subtotal</b>	<b>\$148,937</b>	
<b>Expenditure Reductions (4)</b>		
Road Maintenance	\$1,227,550	
Other Road Costs (traffic engineering, signal maint.)	\$120,000	Excludes cost-recovery development engineering
<b>Subtotal</b>	<b>\$1,347,550</b>	
<b>Net County Road Fund Surplus or (Deficit)</b>	<b>\$1,198,613</b>	
<b>Total General Fund and Road Fund Surplus or (Deficit)</b>	<b>\$353,390</b>	*

\* Note: Legal requirements on the use of Road Fund revenues will prohibit transfers from the Road Fund to directly offset General Fund impacts.

- (1) Costs shown in this table represent FY07 County costs for those service responsibilities to be transferred to the new city. Future city costs shown in Table 1 will not necessarily correspond to these FY07 County costs since the specific future services, staffing, facilities, contracts and manner of service provision will differ for the future city. For example, the future city will need to provide traffic enforcement, which currently is not a County responsibility.
- (2) The County will realize new revenues (e.g., property tax administration charges) for services currently provided without compensation.
- (3) County road revenues are not significantly affected, as they largely depend on Countywide population and registered vehicles, and are not influenced by a change in unincorporated vs. incorporated population or road miles.
- (4) Future city road maintenance expenditures shown in Table 1 are assumed to be lower than recent expenditures due to the improved condition of the roads upon transfer from the County to the new city.



**Table A**  
**Alternative Scenario Assumptions**

Scenario	Pop. (1)	Centerline Road Miles (2)	Housing Units (1)	Housing Factor	Sales Tax (3)	Road Factor	Other Road Costs (2)	Total Current Cnty Costs	Crnt. Sheriff Costs	Future Sheriff Contract
<b>Proponents' Proposed Boundary</b>	6,921	54.52	2,089	100.0%	\$738,568	100%	\$513,486	\$1,502,235	\$488,933	\$576,202
<b>Proponents' Proposed Boundary minus Area 4</b>	6,373	48.02	1,924	92.1%	\$737,504	88%	499,304	1,141,730	\$476,006	\$561,106
<b>Proponents' Proposed Boundary minus Area 5</b>	6,478	43.42	1,955	93.6%	\$711,493	80%	471,732	1,227,550	\$476,006	\$561,106
<b>Proponents' Proposed Bdry minus Area 4 &amp; Area 5</b>	5,930	36.92	1,790	85.7%	\$710,429	68%	457,550	867,045	\$463,079	\$546,009

(1) EPS review of census data

(2) Roads Dept., spreadsheet dated 1/18/08 as revised for Areas 4 and 5 2/4/2008 (see also Table C-1, note 16)

(3) County of Santa Clara

(4) Sheriff's Dept., 2/5/08 less estimated traffic enforcement

(5) Sheriff's Dept., 2/5/08

## APPENDIX IV

(Analysis included in March 5, 2008 Draft CFA)

### BUDGET SUMMARY — EXCLUDING AREA 4 AND AREA 5

Table 1

## Summary of Revenues and Expenses (All Figures in Constant \$'s)

San Martin Incorporation Analysis, EPS #17060

Partial Transition Year

6 months

Proponents' Proposed Bdry minus Area 4 &amp; Area 5

Item	Fiscal Year									
	2008-09 1	2009-10 2	2010-11 3	2011-12 4	2012-13 5	2013-14 6	2014-15 7	2015-16 8	2016-17 9	2017-18 10
<b>A. GENERAL FUND OPERATIONS</b>										
<b>General Fund Revenues</b>										
Property Taxes	\$0	\$640,012	\$657,099	\$674,688	\$692,793	\$711,427	\$730,604	\$750,338	\$770,645	\$791,538
Sales Tax	\$0	\$806,924	\$806,924	\$806,924	\$806,924	\$806,924	\$806,924	\$806,924	\$806,924	\$806,924
Transient Occupancy Tax	\$0	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557	\$221,557
Real Property Transfer Tax	\$0	\$5,453	\$5,592	\$5,734	\$5,880	\$6,030	\$6,183	\$6,339	\$6,500	\$6,664
Franchise Fees	\$0	\$248,484	\$248,687	\$248,889	\$249,091	\$249,293	\$249,495	\$249,697	\$249,899	\$250,102
Planning and Building Fees	\$0	\$274,742	\$276,116	\$277,496	\$278,884	\$280,278	\$281,679	\$283,088	\$284,503	\$285,926
Public Works/Eng. Fees	\$0	\$89,020	\$89,465	\$89,913	\$90,362	\$90,814	\$91,268	\$91,724	\$92,183	\$92,644
Fines, Penalties, Misc.	\$0	\$28,067	\$28,175	\$28,283	\$28,391	\$28,499	\$28,607	\$28,715	\$28,823	\$28,931
State Motor Vehicle License Fees	\$26,694	\$53,593	\$53,799	\$54,004	\$54,210	\$54,416	\$54,621	\$54,827	\$55,032	\$55,238
Property Tax/VLF Swap	\$234,992	\$440,341	\$410,456	\$380,331	\$349,963	\$319,355	\$320,562	\$321,768	\$322,975	\$324,181
Revenue Credits (transition yr, rec'd by County)	\$926,098									
Investment Earnings	\$5,234	\$56,164	\$55,957	\$55,756	\$55,561	\$55,372	\$55,830	\$56,300	\$56,781	\$57,274
<b>Total</b>	<b>\$1,193,017</b>	<b>\$2,864,357</b>	<b>\$2,853,827</b>	<b>\$2,843,575</b>	<b>\$2,833,617</b>	<b>\$2,823,964</b>	<b>\$2,847,330</b>	<b>\$2,871,278</b>	<b>\$2,895,823</b>	<b>\$2,920,979</b>
<b>General Fund Expenses</b>										
Legislative	\$16,750	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500
Elections	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000
City Manager and City Clerk	\$140,613	\$328,659	\$330,289	\$331,927	\$333,573	\$335,227	\$336,890	\$338,561	\$340,240	\$341,928
City Attorney	\$125,000	\$76,131	\$76,511	\$76,894	\$77,278	\$77,665	\$78,053	\$78,443	\$78,836	\$79,230
Administrative Services	\$83,025	\$222,507	\$223,620	\$224,738	\$225,861	\$226,991	\$228,126	\$229,266	\$230,413	\$231,565
Police	\$0	\$557,554	\$563,179	\$568,861	\$574,600	\$580,396	\$586,250	\$592,162	\$598,134	\$604,165
Animal Control	\$0	\$73,154	\$73,520	\$73,888	\$74,257	\$74,628	\$75,001	\$75,376	\$75,753	\$76,132
Planning and Building	\$51,688	\$443,032	\$444,635	\$446,246	\$347,864	\$349,491	\$351,126	\$352,769	\$354,421	\$356,080
Public Works Administration	\$37,125	\$178,040	\$178,931	\$179,825	\$180,724	\$181,628	\$182,536	\$183,449	\$184,366	\$185,288
Non-Departmental										
Office Rent/Supplies	\$57,000	\$132,500	\$84,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500
Insurance	\$15,336	\$61,532	\$60,141	\$60,551	\$57,605	\$58,261	\$58,319	\$58,981	\$59,045	\$59,712
Contingency (10%)	\$100,145	\$211,261	\$206,482	\$207,893	\$197,776	\$200,029	\$200,230	\$202,501	\$202,721	\$205,010
Reserve Fund Contribution	\$100,145	\$111,116	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LAFCO	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146	\$1,146
Repayment of Transition Yr Cnty Services (1)	\$474,917	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$1,202,889</b>	<b>\$2,436,132</b>	<b>\$2,272,453</b>	<b>\$2,287,968</b>	<b>\$2,176,685</b>	<b>\$2,201,461</b>	<b>\$2,203,677</b>	<b>\$2,228,654</b>	<b>\$2,231,073</b>	<b>\$2,256,255</b>
<b>General Fund Operating Surplus (Deficit)</b>	<b>(\$9,872)</b>	<b>\$428,225</b>	<b>\$581,374</b>	<b>\$555,608</b>	<b>\$656,932</b>	<b>\$622,503</b>	<b>\$643,653</b>	<b>\$642,624</b>	<b>\$664,749</b>	<b>\$664,724</b>
<b>Reserve Fund Balance</b>										
% of Expenditures (exc. conting. reserves)	10.0%	10.0%	10.2%	10.2%	10.7%	10.6%	10.6%	10.4%	10.4%	10.3%
<b>B. ROAD FUND OPERATIONS</b>										
<b>Road Fund Revenues</b>										
Gas Taxes	\$86,691	\$162,874	\$152,282	\$141,604	\$130,841	\$119,992	\$120,420	\$120,847	\$121,275	\$121,703
Prop 42 Funds	\$27,330	\$54,871	\$55,633	\$56,405	\$57,186	\$57,978	\$58,780	\$59,592	\$60,414	\$61,247
<b>Total</b>	<b>\$114,020</b>	<b>\$217,745</b>	<b>\$207,915</b>	<b>\$198,009</b>	<b>\$188,027</b>	<b>\$177,970</b>	<b>\$179,200</b>	<b>\$180,439</b>	<b>\$181,689</b>	<b>\$182,950</b>
<b>Road Fund Expenditures</b>										
Pavement Maintenance		\$142,919	\$144,348	\$145,792	\$147,250	\$148,722	\$150,209	\$151,711	\$153,229	\$154,761
Signal Maintenance, Traffic Engineering		\$51,008	\$51,263	\$51,519	\$51,776	\$52,035	\$52,296	\$52,557	\$52,820	\$53,084
Other Costs (sweeping, trash removal, signs, drainage)		\$466,770	\$469,104	\$471,449	\$473,806	\$476,176	\$478,556	\$480,949	\$483,354	\$485,771
Contingency (10%)		\$66,070	\$66,471	\$66,876	\$67,283	\$67,693	\$68,106	\$68,522	\$68,940	\$69,362
Repayment of Transition Yr Cnty Services	\$493,523									
<b>Total</b>	<b>\$493,523</b>	<b>\$726,766</b>	<b>\$731,186</b>	<b>\$735,636</b>	<b>\$740,116</b>	<b>\$744,626</b>	<b>\$749,167</b>	<b>\$753,739</b>	<b>\$758,343</b>	<b>\$762,977</b>
<b>Road Fund Operating Surplus (Deficit)</b>	<b>(\$379,502)</b>	<b>(\$509,021)</b>	<b>(\$523,271)</b>	<b>(\$537,627)</b>	<b>(\$552,089)</b>	<b>(\$566,656)</b>	<b>(\$569,968)</b>	<b>(\$573,300)</b>	<b>(\$576,653)</b>	<b>(\$580,027)</b>
<b>TOTAL, All Funds</b>	<b>(\$389,374)</b>	<b>(\$80,796)</b>	<b>\$58,102</b>	<b>\$17,981</b>	<b>\$104,843</b>	<b>\$55,847</b>	<b>\$73,685</b>	<b>\$69,324</b>	<b>\$88,096</b>	<b>\$84,698</b>

(1) Repayment cost accounts for animal services, planning and land use, code enforcement, public works, and sheriff department services the County is obligated to provide for the remainder of the first fiscal year.

March 5, 2008

Table 3

Change in Revenues and Expenses to Santa Clara County  
San Martin Incorporation Analysis, EPS #17060

Proponents' Proposed Bdry minus Area 4 & Area 5

Item	Amount	Notes
<b>General Fund Revenues and Expenditures (FY07) (1)</b>		
<b>Revenues Transferred to the City</b>		
Property Taxes	\$542,037	estimated transfer amount FY 07
Transient Occupancy Tax	\$221,557	
Sales Tax	\$806,924	includes estimated 12% unallocated
Real Property Transfer Tax	\$2,335	50% of FY 07 amount (\$.55/\$1,000 value)
Franchise Fees	\$217,307	including solid waste, PG&E, cable, water
AB 939 Fees	\$10,237	
<b>Subtotal</b>	<b>\$1,800,398</b>	
<b>Expenditures for Service Responsibilities Transferred to the City (1)</b>		
Animal Control	\$238,579	
Land Use Planning, Inspection, Enforcement	\$129,428	
Clean Water	\$2,730	
Waste Management	\$116,018	
Sheriff	\$458,795	
<b>Subtotal</b>	<b>\$945,549</b>	
<b>Other (revenue increases) (2)</b>		
Property Tax Administration Fees	\$7,331	Based on first year of city
Booking Fees	\$0	Not paid by cities, per State budget
<b>Net County Surplus or (Deficit)</b>	<b>(\$847,517)</b>	
<b>County Road Fund</b>		
<b>Revenue Reductions (3)</b>		
Gas Tax: Highway User Tax 2106c	\$24,621	based on 7.7% reduction in unincorp. a.v.
Gas Tax: Highway User Tax 2105a [2]	\$141	based on reduction in County maintained miles
Grants	\$89,414	Cnty avg/collector times 27 collector miles
Traffic Congestion Relief: 2182a [1] (B)	\$28,187	based on reduction in County maintained miles
<b>Subtotal</b>	<b>\$142,363</b>	
<b>Expenditure Reductions (4)</b>		
Road Maintenance	\$867,045	
Other Road Costs (traffic engineering, signal maint.)	\$120,000	Excludes cost-recovery development engineering
<b>Subtotal</b>	<b>\$987,045</b>	
<b>Net County Road Fund Surplus or (Deficit)</b>	<b>\$844,682</b>	
<b>Total General Fund and Road Fund Surplus or (Deficit)</b>	<b>(\$2,835) *</b>	

\* Note: Legal requirements on the use of Road Fund revenues will prohibit transfers from the Road Fund to directly offset General Fund impacts.

- (1) Costs shown in this table represent FY07 County costs for those service responsibilities to be transferred to the new city. Future city costs shown in Table 1 will not necessarily correspond to these FY07 County costs since the specific future services, staffing, facilities, contracts and manner of service provision will differ for the future city. For example, the future city will need to provide traffic enforcement, which currently is not a County responsibility.
- (2) The County will realize new revenues (e.g., property tax administration charges) for services currently provided without compensation.
- (3) County road revenues are not significantly affected, as they largely depend on Countywide population and registered vehicles, and are not influenced by a change in unincorporated vs. incorporated population or road miles.
- (4) Future city road maintenance expenditures shown in Table 1 are assumed to be lower than recent expenditures due to the improved condition of the roads upon transfer from the County to the new city.

**Table A**  
**Alternative Scenario Assumptions**

Scenario	Pop. (1)	Centerline Road Miles (2)	Housing Units (1)	Housing Factor	Sales Tax (3)	Road Factor	Other Road Costs (2)	Total Current Cnty Costs	Crnt. Sheriff Costs	Future Sheriff Contract
<b>Proponents' Proposed Boundary</b>	6,921	54.52	2,089	100.0%	\$738,568	100%	\$513,486	\$1,502,235	\$488,933	\$576,202
<b>Proponents' Proposed Boundary minus Area 4</b>	6,373	48.02	1,924	92.1%	\$737,504	88%	499,304	1,141,730	\$476,006	\$561,106
<b>Proponents' Proposed Boundary minus Area 5</b>	6,478	43.42	1,955	93.6%	\$711,493	80%	471,732	1,227,550	\$476,006	\$561,106
<b>Proponents' Proposed Bdry minus Area 4 &amp; Area 5</b>	5,930	36.92	1,790	85.7%	\$710,429	68%	457,550	867,045	\$463,079	\$546,009

(1) EPS review of census data

(2) Roads Dept., spreadsheet dated 1/18/08 as revised for Areas 4 and 5 2/4/2008 (see also Table C-1, note 16)

(3) County of Santa Clara

(4) Sheriff's Dept., 2/5/08 less estimated traffic enforcement

(5) Sheriff's Dept., 2/5/08

## APPENDIX V

### IMPACT ON COUNTY ROAD FUND REVENUES

Item	Total Countywide Revenue	Impact
<b>Gas Tax</b>		
Sec. 2104 a	\$20,004	No impact (fixed pmt)
Sec. 2104 b	\$1,443	No impact (snow removal)
Sec. 2104 c	\$0	
Sec. 2104 d, e, f	\$16,411,440	No Impact; \$'s based on countywide vehicles
Sec. 2105	\$7,376,698	Impact minimal based on reduction in County maintained miles (25 percent of 2105a(2) only)
Sec. 2106	\$366,207	Impact \$27,491 based on reduction in unincorporated assessed valuation (2106c only)
Subtotal	\$24,175,792	
<b>Other Monies</b>		
Traffic Congestion Relief (Prop. 42)	\$8,493,712	Impact \$42,334 based on reduction in County maintained miles (25 percent of State TCR)
TEA-21 Matching Funds	\$100,000	No Impact
Other State Aid	<u>\$241,526</u>	No Impact
Subtotal	\$8,835,238	
Total Road Fund Revenues	\$33,011,030	

Source: Annual Road Report FY 07

## APPENDIX VI

### REVIEW OF COMPARABLE CITIES



**Table 1**  
**Comparable Cities Revenues**  
**San Martin Incorporation Analysis, EPS #17060**

Total Revenues	Loomis		La Habra Heights		Portola Valley		San Martin	
	Budget	Per Capita	Budget	Per Capita	Budget	Per Capita	Budget	Per Capita
<b>Population</b>	6,529		6,145		4,618		5,930	
<b>Square Miles (1)</b>	7.3		6.2		9.2		16.4	
<b>Median House/Condo Value 2005 (2)</b>	\$392,900		\$1,065,500		\$1,626,400		\$746,600	
<b>Taxes</b>								
Property Tax	\$775,000	\$119	\$965,580	\$157	\$1,324,046	\$287	\$654,729	\$110
Sales Tax	\$1,155,000	\$177	\$50,000	\$8	\$148,050	\$32	\$806,924	\$136
Transient Occupancy Tax	\$37,000	\$6	\$0	\$0	\$0	\$0	\$221,557	\$37
Franchise Fees	\$207,000	\$32	\$160,000	\$26	\$189,154	\$41	\$248,484	\$42
Business License Tax	\$18,000	\$3	\$45,000	\$7	\$110,000	\$24	\$0	\$0
Property Transfer Tax	\$75,000	\$11	\$60,000	\$10	\$100,813	\$22	\$5,453	\$1
Utility User Tax	\$0	\$0	\$0	\$0	\$543,571	\$118	\$0	\$0
Property Tax In-Lieu of VLF	\$425,000	\$65	\$0	\$0	\$0	\$0	\$440,341	\$74
Motor Vehicle In-Lieu Tax	\$28,026	\$4	\$400,000	\$65	\$32,000	\$7	\$53,593	\$9
Other	\$0	\$0	\$0	\$0	\$14,500	\$3	\$0	\$0
Total	\$2,720,026	\$417	\$1,680,580	\$273	\$2,462,134	\$533	\$2,431,082	\$410
<b>Licenses and Permits</b>	\$101,300	\$16	\$506,000	\$82	\$516,150	\$112	\$0	\$0
<b>Fines and Forfeitures and Revenue from Money and Property</b>								
Fines and Forfeitures	\$0	\$0	\$80,300	\$13	\$24,000	\$5	\$28,067	\$5
Revenues from Money and Property	\$155,000	\$24	\$110,000	\$18	\$369,342	\$80	\$0	\$0
Total	\$155,000	\$24	\$190,300	\$31	\$393,342	\$85	\$28,067	\$5
<b>Intergovernmental State</b>	\$8,017	\$1	\$5,500	\$1	\$5,642	\$1	\$0	\$0
<b>Current Service Charges</b>								
Planning and Building Fees	\$98,000	\$15	\$300,000	\$49	\$50,390	\$11	\$274,742	\$46
Public Works/Engineering Fees	\$0	\$0	\$10,000	\$2	\$5,500	\$1	\$89,020	\$15
Other Fees	\$0	\$0	\$127,575	\$21	\$80,065	\$17	\$0	\$0
Total	\$98,000	\$15	\$437,575	\$71	\$135,955	\$29	\$363,762	\$61
<b>Other Revenue</b>	\$22,500	\$3	\$100,750	\$16	\$87,000	\$19	\$56,458	\$10
<b>Total Revenue</b>	<b>\$3,104,843</b>	<b>\$476</b>	<b>\$2,920,705</b>	<b>\$475</b>	<b>\$3,600,223</b>	<b>\$780</b>	<b>\$2,879,369</b>	<b>\$486</b>

Sources: 2006-2007 budgets for Loomis, La Habra, Portola Valley, Economic & Planning Systems, Inc.

(1) www.wikipedia.com

(2) www.city-data.com

**Table 2**  
**Comparable Cities Expenditures**  
**San Martin Incorporation Analysis, EPS #17060**

Expenditures	Loomis		La Habra Heights		Portola Valley		San Martin	
	Budget	Per Capita	Budget	Per Capita	Budget	Per Capita	Budget	Per Capita
<b>Population</b>	6,529		6,145		4,618		5,930	
<b>Square Miles</b>	7.3		6.2		9.2		16.4	
<b>Median House/Condo Value 2005</b>	\$392,900		\$1,065,500		\$1,626,400		\$746,600	
<b>General Government</b>								
City Council	\$99,250	\$15	\$10,000	\$2	\$0	\$0	\$29,500	\$5
City Clerk	\$58,675	\$9	\$134,669	\$22	\$0	\$0	\$0	\$0
Codification	\$3,000	\$0	\$0	\$0	\$3,500	\$1	\$0	\$0
Elections	\$7,000	\$1	\$0	\$0	\$7,000	\$2	\$10,000	\$2
Town Attorney	\$75,000	\$11	\$90,000	\$15	\$80,000	\$17	\$76,131	\$13
City Manager		\$0	\$225,301 (2)	\$37		\$0	\$328,659 (7)	\$55
Administration/Personnel	\$324,034 (1)	\$50	\$0	\$0	\$418,281 (2)	\$91	\$222,507 (8)	\$38
Finance	\$158,645	\$24	\$162,133	\$26	\$21,530	\$5	\$0	\$0
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$52,900</u>	<u>\$11</u>	<u>\$0</u>	<u>\$0</u>
Total	\$725,604	\$111	\$622,103	\$101	\$583,211	\$126	\$666,797	\$112
<b>Public Safety</b>								
Police	\$1,110,752	\$170	\$617,867	\$101	\$461,303	\$100	\$546,161	\$92
Fire	\$20,000	\$3	\$0	\$0	\$0	\$0	\$0	\$0
Emergency Medical	\$0	\$0	\$0	\$0	\$11,995	\$3	\$0	\$0
Animal Control	\$67,500	\$10	\$7,000	\$1	\$30,861	\$7	\$73,154	\$12
Weed Abatement	\$0	\$0	\$42,950	\$7	\$0	\$0	\$0	\$0
Other	<u>\$1,320</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$22,400</u>	<u>\$5</u>	<u>\$0</u>	<u>\$0</u>
Total	\$1,199,572	\$184	\$667,817	\$109	\$526,559	\$114	\$619,315	\$104
<b>Community Development</b>								
Planning & Building	\$496,850	\$76	\$625,106	\$102	\$1,100,865	\$238	\$443,032	\$75
Engineering	\$80,000	\$12	\$67,900	\$11	\$17,500	\$4	\$0	\$0
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,000</u>	<u>\$2</u>	<u>\$0</u>	<u>\$0</u>
Total	\$576,850	\$88	\$693,006	\$113	\$1,126,365	\$244	\$443,032	\$75

**Table 2**  
**Comparable Cities Expenditures**  
**San Martin Incorporation Analysis, EPS #17060**

Expenditures	Loomis		La Habra Heights		Portola Valley		San Martin	
	Budget	Per Capita	Budget	Per Capita	Budget	Per Capita	Budget	Per Capita
<b>Culture and Leisure</b>								
Parks and Recreation	\$6,500	\$1	\$107,106	\$17	\$143,000	\$31	\$0	\$0
Community Center & Auditorium	\$0	\$0	\$0	\$0	\$121,701	\$26	\$0	\$0
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$300</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$6,500	\$1	\$107,106	\$17	\$265,001	\$57	\$0	\$0
<b>Other</b>								
Streets, Highways, and Storm Drains	\$0	\$0	\$0	\$0	\$129,976	\$28	\$0	\$0
Public Utilities	\$0	\$0	\$0	\$0	\$2,000	\$0	\$0	\$0
Solid waste	\$0	\$0	\$0	\$0	\$4,600	\$1	\$0	\$0
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$131,338</u>	<u>\$28</u>	<u>\$0</u>	<u>\$0</u>
Total	\$0	\$0	\$0	\$0	\$267,914	\$58	\$0	\$0
<b>Allocate</b>								
Public Works	\$412,027 (3)	\$63	\$255,562 (3)	\$42	\$8,100 (4)	\$2	\$178,040 (3)	\$30
Office Supplies/Equipment	\$0	\$0	\$0	\$0	\$81,200 (5)	\$18	\$132,500	\$22
Benefits	\$0	\$0	\$0	\$0	\$434,309 (6)	\$94	\$0	\$0
General Services			\$262,767	\$43			\$0	\$0
Code Enforcement			\$31,074	\$5			\$0	\$0
Other	<u>\$100,000</u>	<u>\$15</u>	<u>\$0</u>	<u>\$0</u>	<u>\$176,324</u>	<u>\$38</u>	<u>\$381,274</u>	<u>\$64</u>
Total	\$512,027	\$78	\$549,403	\$89	\$699,933	\$152	\$691,815	\$150
<b>Total Expenditures</b>	<b>\$3,020,553</b>	<b>\$463</b>	<b>\$2,639,435</b>	<b>\$430</b>	<b>\$3,468,983</b>	<b>\$751</b>	<b>\$2,420,959</b>	<b>\$408</b>

Sources: 2006-2007 budgets for Loomis, La Habra, Portola Valley, Economic & Planning Systems, Inc.

(1) Includes City Manager expenditures.

(2) Includes administration and finance staff expenditures.

(3) Includes Public Works expenses for the whole department.

(4) Includes only Public Works tools and equipment expenses. The remaining expenses for the department have been included in other department expenses.

(5) Includes office supplies and equipment expenditures for all city departments.

(6) Includes benefit expenditures for all city staff.

(7) Includes City Clerk expenditures.

(8) Includes Finance expenditures.

**Table 3**  
**Positions and Salaries**  
**San Martin Incorporation Analysis, EPS #17060**

Positions	Loomis			La Habra Heights			Portola Valley		Gilroy		Morgan Hill		San Martin	
	# Positions	Min Sal	Max Sal	# Positions	Min Sal	Max Sal	# Positions	Salary	Min Sal	Max Sal	Min Sal	Max Sal	# Positions	Salary
<b>Legislative</b>														
Council	5		\$4,464							\$8,752			5	\$4,000
Clerk	1		\$600						\$92,148	\$122,856	\$91,800	\$114,720	1	\$75,000
Deputy City Clerk				1	\$36,984	\$44,892	1							
<b>Finance</b>														
Finance Director	1	\$70,452	\$85,632	1	\$60,000	\$90,000			\$130,728	\$174,300	\$120,420	\$150,600	1	\$90,000
Financial Analyst				1	\$42,000	\$57,600			\$69,179	\$92,230	\$50,880	\$65,160	1	\$50,000
Treasurer	1		\$600											
Accounting Assist							1		\$35,443	\$43,430	\$37,020	\$47,280		
<b>Administration</b>														
Town Manager	1	\$92,928	\$112,956	1					see town administrator				1	\$140,000
Town Clerk/ Admin Serv Opt	1	\$46,680	\$56,736											
Office Technician	1	\$32,124	\$39,048						\$40,643	\$49,402	\$31,080	\$39,720		
Senior Admin Secretary				1	\$28,068	\$41,412			\$48,675	\$59,163	\$46,140	\$58,800		
HR Manager				1	\$42,000	\$60,000			\$130,728	\$174,300	\$120,420	\$150,600		
Town Administrator							1			\$209,760		\$139,300		
Asst. Town Administrator							1		\$130,728	\$174,300	\$103,860	\$129,840		
Admin. Serv. Officer							1		\$44,809	\$54,465	\$37,920	\$48,420		
<b>Planning &amp; Building</b>														
Planning Director	1	\$72,180	\$87,744	1	\$84,000	\$102,000	1		\$109,707	\$146,281	\$120,420	\$150,600	1	\$100,000
Dev. Services Coordinator	1	\$29,952	\$36,408								\$52,200	\$66,660		
Building Official	0.25		(1)				1		\$68,149	\$82,835	\$62,100	\$79,260	1	\$60,000
Planning Technician				1	\$33,600	\$54,000	1		\$52,126	\$63,358			1	\$65,000
Planning Clerk				1	\$30,000	\$45,000			\$71,557	\$86,978	\$63,600	\$81,120		
Planning & Building Assist.							1		\$61,814	\$75,135	\$59,100	\$75,420		
<b>Fire</b>														
Fire Chief				1	\$66,000	\$96,000								
Fire Marshall/ Inspector				1	\$45,600	\$72,000								
Senior Admin Secretary				1	\$28,068	\$41,412								
<b>Public Works</b>														
PW Director	1	\$82,572	\$100,368	1	\$5,400	\$78,000	1		\$120,420	\$150,600	\$120,420	\$150,600	1	\$100,000
Operations Assistant	1	\$44,448	\$54,024											
Lead Worker	1	\$37,944	\$46,116				1		\$49,643	\$60,342	\$49,680	\$63,360		
Equipment Operators	2	\$34,236	\$41,604											
Maintenance Worker				1	\$31,956	\$47,244	1		\$45,028	\$54,733	\$45,060	\$57,480		
Engineering Technician							1		\$53,396	\$64,904	\$59,100	\$75,420		
Clean Water Specialist													0.25	\$76,800
<b>Parks &amp; Rec</b>														
Rec Facilities Coordinator							1		\$50,855	\$61,814	\$49,680	\$63,360		
<b>Total</b>	18.25			14			14						13.25	

(1) Building official is contracted and is paid \$30 per hour for inspection , plus plan checking based on square footage.

Sources: 2006-2007 budgets for Loomis and La Habra, Portola Valley Staff Directory, Economic & Planning Systems, Inc.

**Table 4**  
**Animal Control Expenditures**  
**San Martin Incorporation Analysis, EPS #17060**

City	Population	Expenditure	Expenditure per Capita
Portola Valley	4,618	\$30,861	\$6.68
La Habra Heights	6,145	\$7,000	\$1.14
Loomis	6,529	\$67,500	\$10.34
Fairfax	7,375	\$74,906	\$10.16
Los Altos Hills	8,607	\$70,000	\$8.13
Morgan Hill	38,418	\$97,499	\$2.54
Average		\$57,961	\$6.50
San Martin (1)	6,992	\$72,068	\$10.31

(1) Includes contact with County animal shelter for an estimated \$21,700.

Sources: City Budgets 2006-2007

**Table 5**  
**Comparable Road Expenditures by Jurisdiction**  
**San Martin Incorporation Analysis, EPS #17060**

Average Road Expenditures	La Habra Heights			Loomis			Portola Valley			Gilroy			Morgan Hill			Santa Clara County		
	Expenditure 2005-06	Road Avg. Exp. Miles Per Mi (1)		Expenditure 2005-06	Road Avg. Exp. Miles Per Mi (1)		Expenditure 2005-06	Road Avg. Exp. Miles Per Mi (1)		Expenditure 2005-06	Road Avg. Exp. Miles Per Mi (1)		Expenditure 2005-06	Road Avg. Exp. Miles Per Mi (1)		Expenditure 2005-06	Road Avg. Exp. Miles Per Mi (1)	
Undistributed Engineering and Admin	\$129,268	42.57	\$3,037	\$0	33.67	\$0	\$113,842	42.47	\$2,681	\$601,729	82.82	\$7,266	\$1,936,868	100.88	\$19,200	\$6,732,757	684.10	\$9,842
Construction and Right of Way	\$0	42.57	\$0	\$1,129,689	33.67	\$33,552	\$421,535	42.47	\$9,925	\$4,107,396	82.82	\$49,594	\$607,216	100.88	\$6,019	\$11,988,151	684.10	\$17,524
Maintenance	<u>\$158,492</u>	42.57	<u>\$3,723</u>	<u>\$440,757</u>	33.67	<u>\$13,090</u>	<u>\$281,843</u>	42.47	<u>\$6,636</u>	<u>\$1,803,180</u>	82.82	<u>\$21,772</u>	<u>\$48,000</u>	100.88	<u>\$476</u>	<u>\$22,385,379</u>	684.10	<u>\$32,722</u>
Total	\$287,760	42.57	\$6,760	\$1,570,446	33.67	\$46,642	\$817,220	42.47	\$19,242	\$6,512,305	82.82	\$78,632	\$2,592,084	100.88	\$25,695	\$41,106,287	684.10	\$60,088
3 yr. Avg. Cost (nominal \$)	\$475,212	42.57	\$11,163	\$998,731	33.67	\$29,662	\$753,741	42.47	\$17,748	\$7,247,804	82.82	\$87,513	\$2,346,503	100.88	\$23,260	\$42,520,599	684.10	\$62,156
5 yr. Avg. Cost (nominal \$)	\$539,779	42.57	\$12,680	\$951,229	33.67	\$28,252	\$624,825	42.47	\$14,712	\$6,083,448	82.82	\$73,454	\$2,519,462	100.88	\$24,975	\$45,893,358	684.10	\$67,086

Sources: California Street and Roads Annual Reports (2001-2006) , Highway Performance Monitoring System California Public Road Data, Economic & Planning Systems, Inc.

## APPENDIX VII

### AUDITOR'S RATIO

**San Martin Incorporation Feasibility Study**  
**County Property Tax as a Percentage of**  
**Revenue Available for General Purposes - FINAL**

Revenue Description		2006-07 Revenues	Total Revenues
<b>Property Tax</b>			
Secured - Current and Delinquent		347,464,657	
Unsecured - Current and Delinquent	Note 1	37,444,783	
Supplemental		25,060,977	
State Aid - Homeowner's Exemption		3,564,335	
Total Property Taxes		<u>413,534,751</u>	<b>A</b>
<b>Other General Purpose Revenues</b>			
Bails, Fines, Forfeitures, and Penalties		19,763,675	
Cash Discounts, Rebates, Overage/Shortages		243,640	
Conveyance Tax OH Reimbursement		764,672	
Franchise Fee		1,663,899	
Interest and Investment Income		28,990,956	
Judgements and Damages		2,242,286	
Lease and Rental Income		2,795,394	
Local Contributions - Redevelopment Agencies (Pass-through)		17,976,967	
Misc. - Recovered Collections Surcharge (DOR)		2,814,478	
Miscellaneous Revenues		2,063,913	
Misc. - Loan Repayments		2,000,000	
MVLF Swap Revenues		153,703,614	
Penalty and Costs		20,051,965	
Property Transfer Tax		24,700,156	
Sale of Excess Land		4,000,000	
Sales and Use Tax		5,097,288	
Stale-Dated Warrants		166,503	
State - Highway Rental Taxes		61,380	
Tobacco Settlement Proceeds		17,488,355	
Transient Occupancy Tax		424,144	
Unclaimed Money		836,745	
Total Other General Purpose Revenues		<u>307,850,032</u>	<b>B</b>
Total General Purpose Revenues		<u>721,384,783</u>	<b>C = (A + B)</b>
Auditor's Ratio		<u>57.33%</u>	<b>A ÷ C</b>

Notes

- 1 Unsecured taxes includes \$2.9 million in aircraft charges

Date: Feb. 1, 2008.